Daily Report

Latin America

FBIS-LAT-95-022
Thursday
2 February 1995

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Ecuadoran President Arrives in Venezuela, Comments on Conflict

PA0202034795 Caracas Venezolana de Television Network in Spanish 0200 GMT 2 Feb 95

[From "The News" newscast]

[FBIS Translated Text] President Sixto Duran-Ballen arrived today in Cumana, Sucre State, where the summit of presidents of Bolivarian states will be held tomorrow and Friday. Two F-16 combat airplanes of the Venezuelan Air Force escorted the president's plane. Venezuelan President Rafael Caldera welcomed Duran-Ballen at Cumana airport. Caldera had arrived one hour earlier in Cumana and was declared illustrious guest. Duran-Ballen is the first president to attend the summit. Caldera welcomed the Ecuadoran president.

[Begin recording] [Caldera] Accept our cordial greetings. We know what your effort to come to this meeting at this time entails, but your presence in Venezuela to attend the tribute, to share in the tribute we are paying in the spirit of solidarity to the hero of Ayacucho, represents something that is most meaningful, honorable, and encouraging.

[Duran-Ballen] I have come at a time when Ecuadoran citizens are being unjustly and unnecessarily attacked. Perhaps my country's neighbor feels the ideals of Sucre, Bolivar, and San Martin should be attained through conquest instead of dialogue. I hope that here at this summit, this mini-summit of Bolivarian states, we, their heirs, the six children of their sabers, may recover-...[pauses] and perhaps a new path for Latin America may emerge from this summit so the events currently taking place will never happen again in these six countries or on this continent. [end recording]

Peru, Ecuador, Guarantor Countries Agree on Cease-Fire

PY0102170395 Rio de Janeiro Rede Globo Television in Portuguese 1517 GMT 1 Feb 95

[FBIS Translated Text] Representatives of Ecuador and Peru have agreed to declare a cease-fire [concordaram com o cessar fogo] at the two countries' common border. This decision was made during a meeting held at Itamaraty Palace that ended early this morning.

During the early hours of this morning, and for the first time since the beginning of the conflict, representatives of Ecuador and Peru sat in front of each other to hold talks. The meeting was held at the old Itamaraty Palace in downtown Rio de Janeiro. The Ecuadoran representative was the last to arrive, when it was almost 0000. The meeting did no end until 0530 this morning. The sun was already rising, and an optimistic atmosphere reigned among those attending the meeting.

Diplomats of the two countries in conflict agreed on an immediate cease-fire [o cessar fogo imediato] beginning at 0600 this morning.

Right now the Ecuadoran and Peruvian representatives, as well as diplomats from Brazil, the United States, Argentina, and Chile, are resting at their hotels. In a few more minutes they will return to Itamaraty Palace to continue the talks. It is expected that the meeting will end today, when a document ensuring peace at the Peruvian-Ecuadoran border will be released.

Chile Ready To Send Observers

PY0102170095 Madrid EFE in Spanish 1549 GMT 1 Feb 95

[FBIS Translated Text] Santiago, 1 Feb (EFE)—Today Chilean Foreign Minister Jose Miguel Insulza said that Chile is willing to send observers to the Ecuadoran-Peruvian border to guarantee the cease-fire and to maintain the "status quo" in the area in conflict.

The Chilean minister explained that the shipment of observers to the Condor Mountain Range region, where troops from the two countries have been fighting since 26 January, will only take place if so decided by the Rio de Janeiro Protocol guarantor countries (Argentina, Brazil, Chile, and the United States) during the meeting currently under way in Rio de Janeiro.

Insulza, in statements to the local media, said he hoped the two countries would accept a cease-fire, declare a "status quo" in the area in conflict, and start negotiations. If not, he said, "the guarantors must review their role in this process."

Chile is represented at the meeting in Rio de Janeiro by Fabio Vio, foreign policy director of the Chilean Foreign Ministry.

Insulza added that if the guarantors cannot get the Peruvian and Ecuadoran Governments to accept the proposal, other organizations, such as the OAS Permanent Council and the UN Security Council as possible mediators, will have to intervene in an attempt to do so.

Cease-Fire 'Officially' Announced

PY0102230995 Sao Paulo AGENCIA ESTADO in Portuguese 2159 GMT 1 Feb 95

[FBIS Translated Text] Rio de Janeiro 1 Feb (AE)—Brazilian Acting Foreign Minister Sebastiao do Rego Barros, coordinator of the guarantor countries—of the Rio de Janeiro 1942 Protocol which defined the border between Peru and Ecuador—early this evening announced that Peru and Ecuador have informed the vice foreign ministers of Brazil, Argentina, Chile, and the United States that they decided to observe a cease-fire. "They officially announced a cease-fire but we know that between the announcement and the action several steps must be taken and several technical measures must be adopted," Rego Barros said.

He said: "Although there is no definitive result for this situation, the final outcome will be positive, but it will still take some time." The meeting which began at

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Itamaraty Palace in the afternoon of 31 January ended at 0600 today. From 1630 yesterday until 0130 today, the representatives of the four guarantor countries met to discuss the subject. From 0130 until 0330 today, the guarantor countries representatives met with the Peruvian delegation, and between 0330 and 0500 today, they met with the Ecuadoreans. The delegations of Peru and Ecuador remained in separate rooms and did not meet each other.

U.S. Assistant Secretary of State for Inter-American Affairs Alexander Watson announced that the United States has suggested to Peru and Ecuador forming an observers committee for the conflict zone. "I think the two parties accepted the proposal, but I do not want to anticipate their decision. Changes to the 1942 protocol have not been considered, although the reestablishment of peace in the conflict area has been," Watson said. For him, "it is clear that a cease-fire is on the way, but it is unforgivable not to have arrived at an agreement so far." "I do not want to blame anyone because it is a very difficult situation, and we must find the means to reach a cease-fire as fast as possible," Watson said.

According to behind-the-scenes information, it is still possible that today the Ecuadorean and Peruvian representatives will sit at the same table for the first time to negotiate the proposals of the guarantor countries. Negotiations and consultations, however, were being held separately. According to the sources, the objective of the proposal by the negotiators will be the withdrawal of troops by the two countries so as to allow the four guarantor countries to send observers to ensure peace.

Peru Blamed for Lack of Progress

PY0102231795 Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 1 Feb 95

[FBIS Translated Text] Rio de Janeiro, 1 Feb (AE)—According to a Chilean diplomat who is participating in the talks being held at the old Itamaraty Palace in Rio de Janeiro, practically no progress was made today in the negotiations between the four guarantor countries and representatives of the governments of Peru and Ecuador in light of the official announcement that Peru had bombed an Ecuadoran heliport located at the Ecuadoran-Peruvian border.

In light of the above incident, the Ecuadoran delegation reportedly threatened to leave the negotiating table. According to the Chilean source, the bombing could have influenced the Ecuadoran position. In his opinion, little progress has been made, and the Ecuadoran and Peruvian delegations were not even present today at Itamaraty because of the border incident.

The diplomat said that even though the two delegations were not present at Itamaraty Palace, they were consulted all day long today. He said that the representatives of the four guarantor countries are scheduled to meet again tonight with the Ecuadoran and Peruvian delegations, but these will again be separate meetings. It is expected that the meeting will extend until late tonight and early tomorrow morning, just as happened last night.

Cease-Fire Announcement Denied

PY0202003795 Madrid EFE in Spanish 0006 GMT 2 Feb 95

[FBIS Translated Text] Rio de Janeiro, 1 Feb (EFE)—The vice foreign ministers of the guarantor countries in the Peruvian-Ecuadoran conflict have again today called a recess in the negotiations which will be resumed at 2330 Brazilian time (0130 GMT).

A Brazilian Foreign Ministry spokesman also said that the countries in conflict have not reached an "official" decision regarding a cease-fire but that there is "a willingness" to achieve it.

After the recess Brazilian Vice Minister Sebastian do Rego Barros denied a press report stating that the countries in conflict had already announced an official cease-fire.

The guarantor countries of the Rio de Janeiro protocol, signed on 29 January 1942 by Ecuador and Peru, are Argentina, Brazil, Chile and the United States.

Cease-fire Decision Expected Tonight

PY0202014495 Lima Radio Programas del Peru Network in Spanish 0009 GMT 2 Feb 95

[Telephone relay by EFE correspondent (Hernan Baoz) from Rio de Janeiro]

[FBIS Translated Excerpt] [Anchorman] What can you tell us about the vice foreign ministers meeting being held in Rio de Janeiro about which there is great expectation on what will ensue in the next few hours?

[Baoz] I can tell you that after four hours of negotiations, the vice foreign ministers of the four guarantor countries and the Ecuadoran-Peruvian representatives have decided to call a recess of their separate negotiations until 2330 Brazilian time [0130 GMT]. This means they will be returning to the negotiation table in about 90 minutes. [passage omitted]

What I can add is that there is great contrast between the great optimism that prevails among spokesmen from guarantor countries and the rumors circulating in the corridors of the Foreign Ministry in view of the alleged resumption of hostilities of Ecuadoran-Peruvian armed forces.

The Brazilian foreign minister has answered these rumors by admitting to the members of the press gathered at the Foreign Ministry building that although the negotiation process is slow and difficult, by the end of the night they hope to achieve a statement in which the

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two countries express their commitment to accept a cease-fire. This statement would also establish dates and specific mechanisms that will allow the international public opinon to verify that hostilities were indeed suspended.

[Anchorman] It has been learned that Ecuadoran Representative Marcelo Fernandez and Peruvian Representative Eduardo Ponce have expressed their willingness to achieve definitive results and not mere positive steps.

[Baoz] Yes, the spokesman of guarantor countries—the vice foreign ministers of Argentina, Brazil, Chile, and the United States—have stated that the Ecuadoran and Peruvian Government representatives have expressed a political willingness to achieve a definitive result, that is, to call a cessation of military operations in the conflict area. This has been established.

What some Brazilian columnists are assessing at this time is that the great victory of guarantor countries has been to resume the dialogue that had virtually been suspended since 26 January when the confrontation started. It is on this basis that guarantor countries hope that tonight the representatives from the two countries will be sitting down at the same negotiation table for the first time.

Why is this? Well, as an international columnist was saying earlier tonight, the guarantor countries have been able to hold separate meetings with the Ecuadoran and Peruvian representatives but they have been unable to sit them down at the same negotiating table. This is what is expected to be achieved tonight after this recess once the Ecuadoran and Peruvian representatives consult their respective governments. [passage omitted]

Negotiations Continue

PY0202064395 Madrid EFE in Spanish 0439 GMT 2 Feb 95

[FBIS Translated Text] Rio de Janeiro, 2 Feb (EFE)—The vice foreign ministers of the guarantor countries of the Rio de Janeiro Protocol have spent the past two hours meeting in different rooms with delegates from Peru and Ecuador which separately are carrying out negotiations in the Brazilian Foreign Ministry in this city.

The vice ministers of Argentina, Brazil, Chile, and the United States speak among themselves in the library of Itamaraty Palace while in one room they meet with the Peruvians and in another room they meet with the Ecuadoreans.

According to diplomatic sources, the consultations seem to be reaching a conclusion, although the gestures of the diplomats demonstrate resignation and weariness rather than conviction.

Although it has not yet been confirmed, it is possible that the diplomats of the guarantor countries and of Ecuador and Peru will all meet together to sign a joint declaration if they resolve the discrepancies.

Ecuadoran Vice Minister Marcelo Fernandez and Peruvian Vice Minister Eduardo Ponce, who arrived in the meeting hall at midnight (0200 GMT), greeted each other and then left the room to begin parallel talks which were still taking place at 0215 Brazilian time.

Beside calling an official cease-fire, the guarantors propose the withdrawal of troops from the zone in dispute and the presence in the area of a group of observers from the guarantor countries.

These proposals coincide with the proposal made by Peruvian President Alberto Fujimori in a message transmitted on a national television and radio hookup tonight [1 February].

Delegates Meet

PY0202054695 Madrid EFE in Spanish 0459 GMT 2 Feb 95

[FBIS Translated Text] Rio de Janeiro, 2 Feb (EFE)—Brazilian Foreign Ministry Spokesman Antonio Simoes has reported that the vice foreign ministers of the guarantor countries and of Ecuador and Peru began meeting today at 0245 Brazilian time (0445 GMT) behind closed doors in Itamaraty Palace in Rio de Janeiro.

"The atmosphere of the meeting is friendly and polite," the Brazilian Foreign Ministry spokesman stated.

Simoes said that the vice ministers of Argentina, Brazil, and Chile and U.S. Assistant State Secretary for Inter-American Affairs presented a draft document which the delegates began to discuss.

This document will include—although it has not yet been confirmed—an official cease-fire, the possible withdrawal of troops from the zone in dispute, and the presence of a mission from the guarantor countries.

Presence of Observers Negotiated

PY0202072495 Madrid EFE in Spanish 0642 GMT 2 Feb 95

[FBIS Translated Text] Rio de Janeiro, 2 Feb (EFE)—An Ecuadoran diplomatic source has told EFE that the representatives of the guarantor countries in the conflict between Ecuador and Peru are attempting to solve a basic critical point that does not allow an official cease-fire between Ecuador and Peru.

The guarantor countries (Argentina, Brazil, Chile, and the United States) in principle proposed three basic consecutive points: cessation of hostilities, withdrawal of troops, and sending a group of observers.

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Regarding the withdrawal of troops, the Ecuadoreans insist on having the guarantors coordinate the troop withdrawal process, while Peru proposes that the observers of the guarantor countries come to the area after the troops are withdrawn.

Brazilian Foreign Ministry spokesman Antonio Simoes reported that the representatives of the guarantor countries of the Rio de Janeiro Protocol have been carrying out direct negotiations for the past 26 hours, and that the Ecuadoran and Peruvian negotiators finally sat at the same table for two hours early this morning.

As of 0430 Brazilian time (0630 GMT) the Ecuadoran and Peruvian delegations are carrying out consultations with their governments.

An Argentine diplomat reported that the fact that Ecuadoran Vice Foreign Minister Marcelo Fernandez and Peruvian Vice Foreign Minister Eduardo Ponce sat at the same table is a signal that the conversations are evolving positively.

Talks Suspended, To Resume 2 Feb

PY0202082095 Madrid EFE in Spanish 0757 GMT 2 Feb 95

[FBIS Translated Text] Rio de Janeiro, 2 Feb (EFE)—A diplomatic source told EFE that the second day of negotiations with the guarantor countries in the conflict between Ecuador and Peru ended today at 0600 Brazilian time (0800 GMT) without reaching any agreement.

The suspension was decided after Ecuadoran President Sixto Duran-Ballen and Peruvian President Alberto Fujimori objected to the draft declaration that contained an agreement for a cease-fire and for the withdrawal of troops under the supervision of the guarantor countries.

According to the source, the negotiations should resume on 2 February.

Brazil Calls Results 'Positive'

PY0202112095 Lima Radio Programas del Peru Network in Spanish 0839 GMT 2 Feb 95

[Live telephone relay by EFE reporter Hernan Bau in Rio de Janeiro]

[FBIS Translated Excerpt] [Bau] At 0837 GMT the second session of this marathon-like series of negotiations among the four Rio de Janeiro Protocol guarantor countries and the deputy foreign ministers of Ecuador and Peru ended. The Brazilian acting foreign minister deemed the results positive, although a definitive agreement on a cease-fire, deployment of troops, and mediation by an observation commission made up by the guarantor countries has yet to be reached. It has been established that beginning at 1500 GMT this afternoon, the negotiators will hold the last session in a final attempt to reach a definitive agreement. Otherwise the four guarantor countries, i.e., Argentina, Brazil, Chile, and the United States, will consider their intervention terminated. Here are the Brazilian deputy foreign minister's comments, and his evaluation of the prospects. By the tone of his voice these are not very optimistic, despite the nearly 27 hours of negotiations. Here is the voice of the Brazilian deputy foreign minister:

[Begin Brazilian Deputy Foreign Minister Sebastiao de Rego Barros recording, in Portuguese] So far the two countries in conflict have not reached an agreement about a cease-fire or the steps that will lead to a durable solution to the problems reigning between the two countries. [passage omitted]

We have hopes that this afternoon the guarantor countries will manage to make Peru and Ecuador find the solution everyone has been yearning for. This means that a session will be held this afternoon. I hope it will conclude with an agreement between Peru and Ecuador. [end recording]

[Bau] These were Brazilian Deputy Foreign Minister Sebastiao do Rego Barros' comments about the last session held by the four guarantor countries and the deputy foreign ministers of Ecuador and Peru. [passage omitted]

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Cuba

Transfer of Rafters from Panama to Guantanamo Noted

PA0102214595 Havana PRENSA LATINA in Spanish 1047 GMT 1 Feb 95

[FBIS Translated Text] Panama City, 1 Feb (PL)—The transfer of approximately 7,500 illegal immigrants who were confined to camps in Panama for more than five months begins today under tight security measures involving 4,000 U.S. soldiers.

Sources at the U.S. Southern Command reported that the operation will last until 14 February and will be carried out by chartered commercial and Air Force planes which will make five flights a day.

This group of Cubans is part of the approximately 9,000 Cubans whom the United States transferred to its installations along the Panama Canal in September 1994 following an agreement between the two countries.

According to the agreement signed by Panama and the United States, the so-called rafters could stay here for a maximum of six months, a period that expires on 6 March.

The deployment of hundreds of soldiers in the operation, called Safe Passage, responds to Washington's fear that these Cubans will again hold demonstrations similar to those staged in December 1994.

Those incidents resulted in the injury of 230 U.S. soldiers and 20 Cubans. The White House responded by reinforcing security at the four camps where the rafters are being held and took reprisals against the alleged masterminds of the revolts.

General George Crocker, chief of the U.S. Army Joint Task Force in Panama, reported that the 284 Cubans believed to be the leaders of those riots will be transferred in special flights under tight security.

He said the "recalcitrant and unruly demonstrators" will travel with their hands, feet, and waists tied, while the other rafters will be frisked before they board the planes, he added, to avoid surprises.

Frustrated by the U.S. Government's refusal to admit them, as had been the case for more than three decades, the rafters rejected the option of being transferred to Guantanamo, where the U.S. Coast Guard took them in August 1994.

More than 20,000 Cubans remain at the U.S. Guantanamo Naval Base, located in eastern Cuba, after they were intercepted at sea as they tried to reach the Florida coasts. The U.S. Government itself had encouraged them to do so for years.

Transfer Begins

FL0202005595 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Feb 95

[FBIS Translated Text] Today, under severe security measures, begins the transfer to Guantanamo of the 7,500 rafters confined for more than five months at camps in Panama. U.S. Army Southern Command Sources said that the operation will be completed in five flights daily through 14 February. Approximately 4,000 U.S. soldiers were deployed for the transfer, in view of Washington's fear of a repetition of the September incidents when hundreds of Cuban rafters staged riots.

General George Crocker, head of the U.S. Army Joint Task Force in Panama, stated that the 284 rafters, believed to be the leaders of those incidents, will travel with their hands and feet bound. The others will be searched prior to boarding to avoid surprises. Those 7,500 rafters will join the more than 20,000 who remain at the U.S. Naval Base at Guantanamo.

Havana Comments on Transfer

FL0202021695 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] The first group of Cuban rafters was transferred today from U.S. military camps in Panama to the Guantanamo Naval Base. Approximately 8,000 of these people will be moved against their will by U.S. Immigration authorities to the territory Washington usurped from Cuba at the beginning of this century. Those Cuban emigres were held for six months in U.S. military camps in Panama with the authorization of the Panamanian Government, by virtue of an accord that ends in March.

Lage on Mexican Crisis, U.S. Relations

PA0202001895 Havana PRENSA LATINA in Spanish 2035 GMT 31 Jan 95

[By Mary Simon]

[FBIS Translated Text] Cuban Vice President Carlos Lage said: We are confident Mexico can overcome the current financial crisis, and we believe it is fair that Mexico receive international help and cooperation to resolve the situation.

In an exclusive interview granted to PRENSA LATINA during his stay in Davos, Switzerland, where he participated in the 25th World Economic Forum, Lage said it is only logical that the flow of capital to Mexico diminish, at least for a time, and that there also be a reduction of imports, but this would never affect operations or negotiations under way with Cuba.

The high-ranking official said the pressure exerted on Mexico to cut its links with Cuba is one demonstration of how the United States sometimes acts against the intentions of our two countries to develop their relations.

In Lage's opinion, it is truly despicable to take political advantage of an ally that is part of the free trade agreement with the United States and Canada.

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The Cuban vice president is alluding to reports by the Mexican press on the 16 conditions that sectors within the U.S. Congress wanted to impose on Mexico prior to approving credit guarantees worth $40 billion to face the financial crisis.

In view of the parliamentary blockage, Clinton appealed on 31 January to executive powers and authorized the granting of $20 billion in federal funds. The remaining $27.5 million would come from the IMF and the Bank for International Settlements.

One of the conditions imposed by the Republican senators was precisely a cooling of relations with the Caribbean island, including an end to aid and even assistance in reducing or eliminating the debt.

Regarding economic integration, Lage said this is necessary for the development of any country, and barring U.S. interference, it is possible for Cuba to fully incorporate itself into Latin America.

The Cuban vice president, who is a medical doctor by profession, does not have the slightest doubt that the world needs to move in that direction and that his country has to be part of that integration, thus Cuba must adjust its development program to facilitate that goal.

Among the measures Cuba has taken toward that end, Lage cited those linked to the opening to foreign currency, development of tourism, and the diversification of foreign trade.

Lage reiterated that in order to conquer this higher goal, the dream of many millions of Latin Americans, Cuba was willing to make concessions if the process really advances.

In the Davos Conference Center, where this interview was held, he recalled that the United States has issued certain statements asking Cuba to change its political system in accordance with the way the United States would like it to be and saying in turn that the United States would then change other measures toward the island.

This proposal, he stated, is absolutely unacceptable, meddlesome, and a violation of national sovereignty. This, he stressed, will never solve the problem. Furthermore, it is a condition imposed only on Cubans.

In this respect, Lage said Cuba is not the only country in the world with a political system different from that in the United States.

The Cuban vice president said the United States must respect the fact that Cuba is a legally independent country, and even though it is near them and has been the target of colonial designs since the beginning of the previous century, it has definitely achieved its independence.

Cuba, he assured, will always be a sovereign country; therefore, no position that implies the violation of its sovereignty is acceptable.

Referring to his country's own economic situation, he admitted that Cuba still faces many problems, among them the need to improve economic efficiency.

We are going through a difficult time, he said, but as we reestablish trade, better conditions will be to solve the problems.

In this regard, Lage does not believe it is a matter of a simple number, which would not be an exact measure. Nor is the U.S. blockade the only problem, even though many of the difficulties originate and are related to the conditions of those restrictions.

As an example, Lage cited foreign capital investments that Cuba needs but are limited by the conditions of the blockade, which also affect its main trading partners. Once these investors return to their countries, not all but many of them receive calls from the U.S. Embassy or ambassador asking them not to invest in Cuba.

There are also cases, he recalled, of threats against those who have investments or businesses in the United States. There are some examples of pressure at international financial organizations, where credit and investment possibilities must be approved by Washington, which maintains decisive control and influence over them.

Lage said that Cuba, which does not have a policy expressly aimed at improving relations with the United States, is still willing to hold talks and negotiate all issues to solve the problem, but Washington has limited itself to discussing migration issues.

Invited for the first time to participate in an important world economic forum that has drawn annually since 1971 more than 1,000 people from both the public and private sector who are prominent in politics, economics, and finance, Cuba was represented by Carlos Lage, who said he noticed great respect for the island's position and condemnations of the isolationist policy against the small Caribbean country.

Returns, Comments on Economic Forum

FL0202022295 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Vice President Carlos Lage Davila returned to Havana on 1 February after participating in the World Economic Forum in Davos, Switzerland, which annually assembles worldwide political, economic, and social personalities.

[Begin Lage recording] Cuba's participation in the forum is helpful, primarily because of the significance of sharing information and knowledge. These kinds of events are enlightening; they allow us to hear different

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views on the world's economic situation, even views with which we differ. In addition, they give Cuba the chance to directly explain to the forum, in the presence of the media, the measures Cuba is implementing, the ways in which we are facing the current situation, and our ongoing openness to investments.

There was a general feeling of respect and interest and a more extensive conviction of the irrationality of the U.S. blockade during the news conference with over 10 press agencies that followed the forum. [end recording]

Lage stressed that Cuba's first participation in the Davos World Economic Forum was very productive.

British Trade Minister Discusses Investment Accord

FL3101224195 Bridgetown CANA in English 2117 GMT 31 Jan 95

[FBIS Transcribed Text] London, Jan 31, CANA—Britain and Cuba Tuesday heralded a new era in commercial relations between the two countries with the signing of a trade and investment agreement. The new agreement, an Investment Promotion and Protection Agreement (IPPA), was signed in London by Ian Taylor the UK minister of trade and technology, and Jose Luis Rodriguez, the Cuban minister for finance and prices.

"The IPPA, which was agreed during my visit to Cuba last September and officially signed today, is a significant step in creating confidence in the commercial relationship between British industry and Cuba. It sets standards applicable in international law and provides for the protection of existing and future British investments in Cuba," the British minister said. Taylor also announced that the British Government has decided to establish a British Partnership Scheme for Cuba with an initial budget of 150,000 a year. The British Partnership Scheme, which will be managed by the British ambassador in Havana, will be available to provide assistance for small-scale developmental projects and British consultancy advice.

Welcoming the creation of the scheme, Taylor said: "This money, combined with assistance from the private sector, will help Cuba continue her process of reform, and cement further the ties between our two nations." In addition, he announced the setting up of a Cuba initiative steering group, to be chaired by Baroness Young, which will back up these new links. The broad objectives of the initiative will be to increase significantly UK investment and trade with Cuba over the next three years by identifying sectors where opportunities exist for British companies and to provide advice and introductions.

In addition, the Caribbean Trade Advisory Group (CARITAG) will organise inward and outward missions, visits and events in the U.K. and Cuba, aimed at promoting general and specific business opportunities. As part of this initiative, Baroness Young will lead a 38-person British trade and investment delegation to Havana from 5-8 February—the largest such British delegation ever to have visited Cuba in recent times.

Robaina Meets With Thai Prime Minister Chuan Likphai

FL0202011995 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Thai Prime Minister Chuan Likphai has told Cuban Foreign Minister Roberto Robaina that his government supports Cuba's efforts, especially in the economic sphere. Thailand also announced its intention to open a consular office in Cuba as another step toward the development of bilateral ties.

Robaina thanked Thailand for its vote in the United Nations against the U.S. economic blockade of Cuba, adding that it is not only about opposing the injustices to which Cuba is being submitted, but about its open willingness to strengthen ties with Cuba.

Argentine Senator Comments on Castro Meeting

FL0202020995 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Argentine Senator Antonio Cafiero called for the strengthening of trade, financial, and political relations with Cuba, adding that his meeting with President Fidel Castro in Havana was excellent. Cafiero was satisfied with the results of his visit to Cuba, which took place at the invitation of the Cuban Parliament. During his visit, he learned about the Cuban situation and the ways to increase bilateral exchange, which is of interest to Argentine businessmen. Regarding the meeting with Fidel, Cafiero stated that they discussed relations between Cuba and Argentina, and Latin American economic evolution. Cafiero, who is also a Peronist party leader, advised that Argentine businessmen will travel to Cuba for firsthand observation of the opportunities the island has to offer.

Havana City To Host UN Chemical Weapons Seminar

FL0102182095 Havana Radio Reloj Network in Spanish 1506 GMT 1 Feb 95

[FBIS Translated Text] From 14 to 16 March, Havana City will host a regional seminar on the national implementation of the convention prohibiting chemical weapons. The seminar's objectives are to divulge the actions taken by the countries that signed the convention with regard to its implementation and to train the authorities. The accord governing the prohibition of developing, producing, and warehousing, as well as the use of chemical weapons and their destruction, was accorded by the UN General Assembly on 30 November

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1993. From the very beginning, Cuba and another 158 countries signed the accord, but only 20 countries have ratified it. The implementation of the accord will take place 180 days after it is ratified by 65 of the signing countries. Cuban ministries, with the cooperation of the provisional technical secretariat of the convention's preparatory commission, will sponsor the seminar.

Raul Castro Chairs Politburo Work Session in Las Tunas

FL0202012695 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Army General Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba, chaired the session concluding the Politburo's work visit to Las Tunas Province. The visit began on 18 January in the presence of six commissions headed by Central Committee department chiefs who carried out their activities in several municipalities of that province. The commissions visited all of Las Tunas' sugar mills, agricultural complexes, Basic Cooperative Production Units, and other economic projects in that province.

In the concluding ceremony, Raul stated that our leaders must differentiate between primary and secondary activities, promote debates as the only way to solve differences, achieve unity, and increase surveillance of all Communists. Regarding the party, Raul underscored that it does not administer directly, but together with the masses, and that it serves as guardian over the administration of the people's goods and the adequate use of resources.

In another moment of the meeting, Army General Raul Castro stated: The media is a powerful vehicle that should be used more effectively to instruct the people. He repeated his well-known statement that we must blow lies to pieces—in other words, the political vice of exaggerating successes and minimizing deficiencies.

Finally, Raul expressed the confidence that the nation's political leadership has in Las Tunas the ability to operate, together with the other provinces, with firm, accelerated steps in all tasks assigned by the commander in chief.

Ernesto Suarez Announces Elections of District Delegates

FL0202021095 Havana Radio Reloj Network in Spanish 2038 GMT 1 Feb 95

[FBIS Translated Text] Ernesto Suarez, secretary of the National Assembly of the People's Government, stated during a meeting of secretaries of the six eastern provinces and certain municipalities that although they have not yet been announced, preparations are under way for new elections of district delegates. Suarez added that they will discuss possible changes in electoral districts, filling vacancies among delegates, and systematically looking after peoples' concerns. He stated that past experience shows the benefit of speeding up the work because schedules generally establish rigid terms for the completion of tasks. Suarez recalled that according to electoral law, people nominate and choose their municipal representatives every two and a half years, while provincial and national mandates extend to a five-year term.

Roundup of Politburo Members' Activities

FL2701140795

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 1300 GMT on 27 January.

ALFREDO JORDAN participated in the inauguration of the farmers fair in Boyeros Municipality. Different species of animals will be exhibited and cultural activities will be held as part of the fair. [Havana Cuba Vision Network in Spanish 0100 GMT 21 Jan 95]

YADIRA GARCIA has given the Central Army's engineering regiment an award banner for being the best unit of their kind within the Revolutionary Armed Forces during 1994. The award was given during Garcia's visit to Matanzas Province. This unit has received this award for the second year in a row. (Havana Radio Rebelde Network in Spanish 1000 GMT 19 Jan 95)

MARIA DE LOS ANGELES GARCIA has chaired an agrarian-livestock health institute ceremony during which veteran workers were honored. (Havana Radio Reloj Network in Spanish 1504 GMT 21 Jan 95)

PEDRO ROSS LEAL has praised the Isle of Youth's efforts in preparing for the next round of efficiency assemblies. (Havana Radio Reloj Network in Spanish 1508 GMT 21 Jan 95)

PEDRO ROSS LEAL has participated in an economic efficiency assembly at the Manuel Sangri Mill in Pinar del Rio which addressed problems hindering the effective harvest of the sugarcane and the necessity of taking action against private individuals and state enterprises that allow cattle to wander around the sugarcane fields, as well those who remove sugarcane to produce and sell sugar-cane liquor. Leal called on authorities to act to resolve the situation by applying measures passed by the Revolutionary government. (Havana Radio Rebelde Network in Spanish 1800 GMT 23 Jan 93)

MARIA DE LOS ANGELES GARCIA has presided over the closing of the debate on science and awareness on 24 January at the Heredia Theater in Santiago de Cuba with the participation of scientific facilities' directors and workers. (Havana Radio Reloj Network in Spanish 1505 GMT 24 Jan 95)

YADIRA GARCIA VERA, member of the Politburo and party secretary in Matanzas, has received a visiting

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delegation of high-ranking officials of the Eastern army on 24 January. (Havana Tele Rebelde and Cuba Vision Networks Spanish 0100 GMT 25 Jan 95)

In Bayamo, Granma Province, JOSE RAMON BALAGUER, has participated in the province's 1994 agricultural assessment meeting. (Havana Radio Rebelde Network in Spanish 1000 GMT 26 Jan 95)

JOSE RAMON MACHADO VENTURA participated in the inauguration of the judicial specialist's conference in Havana City's Convention Center on 25 January. (Havana Radio Progreso Network in Spanish 1200 GMT 26 Jan 95)

Roundup of Politburo Members' Activities

FL3001184995

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 30 January.

YADIRA GARCIA has given the Central Army's engineering regiment an award banner for being the best unit of their kind within the Revolutionary Armed Forces during 1994. The award was given during Garcia's visit to Matanzas Province. This unit has received the award for the second year in a row. (Havana Radio Rebelde Network in Spanish 1000 GMT 19 Jan 95)

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YADIRA GARCIA VERA, member of the Politburo and Secretary of the Party in Matanzas, received a visiting delegation of high ranking officials of the Eastern army on 24 January. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Jan 95)

ESTEBAN LAZO HERNANDEZ, member of the Politburo and first secretary of the Party in Havana, granted an award to light industry workers in Guanabacoa who surpassed their production goal in 1994. (Havana Radio Reloj Network in Spanish 2055 GMT 25 Jan 95)

In Bayamo, Granma Province, JOSE RAMON BALAGUER, has participated in the province's 1994 agricultural assessment meeting. (Havana Radio Rebelde Network in Spanish 1000 GMT 26 Jan 95)

JOSE RAMON MACHADO VENTURA participated in the inauguration of the judicial specialist's conference in Havana City's Convention Center on 25 January. (Havana Radio Progreso Network in Spanish 1200 GMT 26 Jan 95)

In Granma Province, PEDRO ROSS LEAL and JULIAN RIZO ALVAREZ have participated in a provincial agricultural assessment meeting. Both Ross and Rizo stressed the need to increase sugarcane harvest efforts and Rizo pointed out that this should be done before the harvest is affected by more rains. (Havana Radio Rebelde Network in Spanish 1000 GMT 27 Jan 95)

In Havana City, ESTEBAN LAZO has participated in the Blas Roca Calderio Construction Contingent's assessment report meeting. Lazo stressed the need for the contingent's basic cooperative production unit to increase food production efforts. (Havana Radio Progreso Network in Spanish 1200 GMT 30 Jan 95)

Grenada

Brizan Sworn In as Prime Minister of Reshuffled Cabinet

FL0102194095 Bridgetown CANA in English 1645 GMT 1 Feb 95

[By Richard Simon]

[FBIS Transcribed Text] St. George's, Grenada, Feb. 1, CANA—Economist George Brizan was sworn in Wednesday as Prime Minister of Grenada, heading a reshuffled cabinet.

Brizan replaces 70-year-old Nicholas Brathwaite, who said during the brief swearing-in ceremony at Government House that he was relieved to be handing over the reins of power and getting some rest.

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Brizan said during the morning ceremony presided over by Governor General Sir Reginald Palmer that he would continue to work for the improvement of Grenada's economy.

With Brathwaite quitting active politics, Brizan has assumed some of his portfolios and passed the rest to other ministers. In addition to his old agriculture, trade, industry and energy portfolios, Brizan now has responsibility for external affairs and national security.

Joan Purcell, the Minister of Communications and Works, has also been given Brathwaite's information, and Carriacou and Petit Martinique Affairs portfolios.

Michael Andrew, Minister of State in the Ministry of Finance, is now Finance Minister, another post Brathwaite had held.

Government backbencher Kenny Lalsingh, who resigned as Minister of Health in 1992, has been named Minister of State in the Ministry of Communications and Works, replacing Denis Noel, switched to the Ministry of Foreign Affairs and National Security.

Brizan's main task this year is leading the National Democratic Congress into the general election.

Haiti

Deputies Complete, Forward Budget Law to Senate

FL0102213395 Port-au-Prince Signal FM Radio in Creole 1230 GMT 1 Feb 95

[FBIS Translated Excerpt] A National Assembly session was held in Parliament on 31 January with a quorum of about 45 deputies and 12 senators, to ratify numerous conventions, agreements, and contracts relating to the 1994-1995 budget. The first contract provides for participation in the execution of an economic and social assistance program through the Funds for Economic and Social Assistance [Fonds d'Assistance Economique et Sociale, FAES], the objective of which is to support the construction of a... [pauses] FAES is a mechanism for setting up a donation circuit with a source of financing for the most deprived sector in country. The maximum amount of this loan [as heard] is U.S. $12.4 million. [passage omitted]

A total of seven agreements have been voted in the Chamber of Deputies... [pauses] in the Parliament during a National Assembly session. We will also inform you that the Chamber of Deputies has completed its work. They have no work left to do. The electoral law has been voted. The entire budget was voted on 31 January directly after the National Assembly session. These laws have already been sent to the Senate for approval. [passage omitted]

Legislators React To Proposed Executive Advisory Council

FL0202002895 Port-au-Prince Radio Metropole in French 1700 GMT 1 Feb 95

[Passages in quotation marks in Creole]

[FBIS Translated Excerpt] The Haitian Government is considering forming an advisory council within the next few days that would include active senators, representatives of political parties, and members of the Court of Cassation. This concept, announced by the head of the president's special cabinet, Leslie Voltaire, did not receive the approval of all of the legislators. However, it is an approach aimed at filling the institutional vacuum that will result from the departure on 4 February of the 45th Legislature. Reporter Ansy-Rose Resignac filed a report:

[Begin recording] [Resignac] Some will say it out loud, others will whisper it into ears, but most of the departing legislators do not agree with the executive's approach. Useless, unconstitutional, or just plain suspect, the executive's proposal to form an advisory council to manage the institutional vacuum while awaiting the 46th Legislature, is seen differently by the various deputies. It is a very bad decision, asserts Deputy Samuel Madistin. [passage omitted]

This approach, useless in the eyes of the deputy from L'Estere, is unconstitutional in the eyes of his colleague Georges Pierre Simon. To support his viewpoint, Simon warns that the active senators will cease being legislators the moment they agree to become part of the advisory council. Although the idea is still in the semi-official stage, the president of the National Assembly is refraining from comment. He is, however, concerned by the situation:

[Jean-Louis] "I have not yet been personally touched by this question. I have not even personally heard it over the radio although friends have told me that they heard it on the radio. I do not know in what terms it was presented. I therefore refrain from commenting right now. The only thing I can say at the moment is that the Senate is there. The Senate must fulfill some constitutional prerogatives. I think that for the moment, the Senate is discussing its work agenda for the coming months. Today we are going to work on the arrangements to be made, arrangements that would determine the Senate's work in the coming months.

"I simply suggested to the executive—the president in particular—that a meeting be held with parliamentary representatives—in this case, the president of the National Assembly; with a representative of the Court of Cassation; and with representatives of the presidency, to establish a consensus on how to manage the institutional vacuum that will exist in the coming months. However, the meeting was not held. I just heard about an advisory council. I do not know what that is about. I am waiting for the executive to tell us what it means. Then we will give our opinion. I want to believe that whatever the proposal may be, the Senate is working permanently, and despite the absence of the Chamber of Deputies, will [words indistinct], will work to take the necessary measures."

[Resignac] The Parliament has not been officially advised of this initiative by the president of the

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Republic, but everyone is talking about it in the Chamber. The real concerns of the legislators are contained in what they whisper from mouth to ear, fearing that this initiative confirms what the rumors imply—the real intentions of the authorities are that general elections be held by the end of the year. [end recording]

EC $3.6 Million Donation Starts Cite Soleil Rebuilding

FL0102225295 Port-au-Prince Signal FM Radio in French 1130 GMT 30 Jan 95

[FBIS Translated Text] The Ministry of Information and Coordination announces in a press release that the work of rebuilding the houses that were burned in Cite Soleil on the night of 27-28 December 1993 will begin on 30 January at 0800. The European Commission in December made a donation of $3.6 million to Haiti for emergency action in the Cite Soleil and Carrefour-Feuilles areas. [passage omitted]

About 200 small houses were set on fire on the night of 27 December 1993 following the assassination of a member of the neo-Duvalierist party, the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] which, following the incident, claimed self-defense.

World Bank Communique Cited on Aid Pledges

FL0102220795 Port-au-Prince Signal FM Radio in French 1130 GMT 1 Feb 95

[FBIS Translated Text] A 31 January World Bank communique explains that over 20 sponsors and multilateral institutions have announced commitments of up to $900 million to help Haiti set up an emergency reconstruction policy within the next 12-15 months. According to (Riener Stephan), director of special operations for the World Bank of Latin America and the Caribbean, presiding over the first meeting of the bank's advisory group for Haiti, commitments include as much as $600 million in quick-payment aid. About half of the commitments were announced by the 13 countries represented at the meeting of the advisory group on Haiti, and the remaining part by the financial institutions. Almost all the assistance is being granted as donations or credits under privileged conditions, the official added.

Turks & Caicos

Election Returns Power to People's Democratic Movement

FL0102193995 Bridgetown CANA in English 1548 GMT 1 Feb 95

[by Courtney Gibson]

[FBIS Transcribed Text] Grand Turk, Turks & Caicos Islands, Feb. 1, CANA—Preparations were underway Wednesday in the Turks & Caicos Islands for the installation of a new government, after the main opposition party scored a convincing victory in general elections Tuesday.

The People's Democratic Movement (PDM), led by former civil servant Derek Taylor, took eight of the 13 seats in parliament to oust outgoing Chief Minister Washington Missick's governing Progressive National Party (PNP), whose tally of seats fell from eight to four, according to provisional results.

The remaining seat was won by former Chief Minister Norman Saunders, who served time in a U.S. jail for a drug conviction after a 1985 scandal that rocked this self-governing British Caribbean dependency.

Saunders, running as an independent, won the South Caicos South seat by a margin of six votes. He had wanted to run for the PNP, of which he is a former leader, but was overlooked.

His wife, Emily Saunders, won the other South Caicos seat—South Caicos North—for the PNP. South Caicos is regarded as a PNP stronghold.

A total of 5,430 residents were registered to vote in Tuesday's election, in which the PNP government campaign on its record over the past four years. It referred to a U.S.74 million aid package from Britain that was used to finance several capital projects, including new roads and the Turks & Caicos Islands Community College.

But some of the government's economic measures were painful, in particular the downsizing of the public service and the resulting job losses. The opposition sought to capitalize on the fall-out from such measures.

The major casualty in the election was Deputy Chief Minister Robert Hall who lost his Middle Caicos seat.

Another big loser was former deputy PDM leader Wendell Swann who formed the United Democratic Party. He lost his seat on Providenciales.

There was no word from the Governor's office as to when the new government will be sworn in.

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Finance Secretary Discusses U.S. Aid Package

PA0202032995 Mexico City Radio ACIR Network in Spanish 0030 GMT 2 Feb 95

[Telephone interview with Finance Secretary Guillermo Ortiz by Gustavo Lomeli and Flor Berenguer on 1 February; Ortiz' location not given; from the "Evening News Panorama" newscast—recorded]

[FBIS Translated Text] [Lomeli] We have made contact with the finance secretary. Good morning, Dr. Guillermo Ortiz, how are you?

[Ortiz] Good morning.

[Lomeli] I believe there is a great deal of interest-...[pauses] we have received many calls, Mr. Finance Secretary, regarding the $51 billion aid package that was granted yesterday. We know exactly how it is broken down, but what significance or what meaning [words indistinct]. We would like you to explain this more clearly.

[Ortiz] These resources, which stem from different sources of the U.S. Government, the International Monetary Fund, the central banks of European countries, the Bank for International Settlements, and commercial banks, will be used to replace existing debts. Today we have short-term debts, especially the so-called Tesobonos [Treasury bonds], which, in fact, have been reduced considerably. Those resources—I repeat—will be used to replace short-term debt with long-term debt. Therefore, it does not imply any additional debt. This is a very important point: We are not adding to the country's debts. We are simply replacing existing short-term debt with long-term debt.

[Lomeli] In general, deputies from various political parties yesterday deemed the credit, the aid package orchestrated in the United States, as timely. They are wondering, however, under what conditions the United States is going to grant the guarantees to exchange a debt for a debt. That is one question. I think we should also bring up, Dr. Ortiz, that the $20 billion loan from the Federal Reserve, from the U.S. Government, is going to be backed by future Pemex [Mexican Petroleum] oil sales. Can you tell us exactly what the plan is and how it will work?

[Ortiz] Gladly. First of all, regarding the conditions that are associated with this package, I can say there are no political conditions. The conditions are strictly financial and refer to a surcharge that will have to be paid for the use of the U.S. lines of credit.

Regarding the oil bill, as it has been explained previously, this was a mechanism that was used in 1982, 1985, and 1987. It has been used frequently in the past and in Pemex oil operations. It consists of the following: Pemex normally receives export revenue in accounts that it has in different banks around the world. These banks receive—I repeat—the revenue obtained from oil sales. If Mexico issues a bond that is guaranteed by the U.S. Government, and upon maturity of that bond or security Mexico does not cover it and the United States has to cover it—because of the guarantee they have offered—then Pemex would issue instructions so the resources, which are deposited or received in the bank accounts for oil sales, will be transferred to an account of the Federal Reserve in New York to cover the amount the United States had to pay. I don't know if this explanation is clear?

[Lomeli] Yes, in general, it is clear.

[Ortiz] I repeat: This is a mechanism of transference of payments which would be used only if Mexico failed to meet an obligation. I would like to point out that this mechanism has been used in the past and Mexico has never failed to meet its obligations in a timely manner. Therefore, we have never had to resort to this oil backing in the past. Certainly it would not have to be used in the future. We are talking about the credits and guarantees with up to a 10-year term. This means that Mexico obviously has the use of its oil resources all the time. I repeat: Only if we fail to meet our obligations would we resort to this mechanism.

[Lomeli] Mr. Secretary, this is as if we Mexicans are using the title to our car as collateral if we fail to pay.

[Ortiz] But you can continue to use your car all the time... [chuckles]

[Lomeli, interrupting] Of course, and the car is still yours, right?

[Ortiz] And the car is still yours. Actually, this is not quite like using the title to your car as collateral, because that would imply ownership, and what we are doing here is simply... [pauses] this is actually like a trading [factoraje] operation.

[Lomeli] Exactly.

[Ortiz] This is more like a trading operation than collateral, because the title would imply a transfer of property, but here we are selling a flow, a flow of petroleum, of resources. We would be committing them in the future if we fail to pay.

[Lomeli] Mr. Secretary, will this restore the confidence of foreign markets in Mexico?

[Ortiz] This is certainly a very important step. I don't think confidence will return overnight. It will take some time, but this has completely changed the atmosphere on international markets.

[Lomeli] Dr. Guillermo Ortiz, could we say that Mexico's financial crisis has hit bottom?

[Ortiz] We certainly hope so. That is what we expect with this package, because—I repeat—this will allow us to honor our short-term debt. I think that in upcoming weeks we will still see movement, but I hope it is not as erratic as before, and certainly not like last Monday,

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when the exchange rate reached 6.8. We hope the markets are much calmer in the coming weeks.

[Lomeli] President William Clinton on 31 January asked President Ernesto Zedillo to implement a vigorous economic program to complement the multinational financial aid package. Does this imply additional adjustments other than those we are already feeling?

[Ortiz] In fact, we have an adjustment program that was reached with the sectors in early January and approved by the IMF; that is the same program we now have. It is a strict program; it is a program that will allow us to quickly reduce our imbalance or our international deficit. In this regard, it is a harsh program, but there is nothing additional to what has already been announced and to what we are already implementing.

We have received requests to improve the clarity of our information. We are already doing that. For example, the Bank of Mexico, which publishes its international reserves three times a year—as you may recall—will now do so monthly. Not only the United States but the international financial community as well has requested this kind of clarity in reporting. They want us to issue timely and clear information.

[Lomeli] This aid package will certainly lead to more than a swift drop in the exchange rate. I think that to make an impression [sensibilizar] on the public and the investors, it will certainly lead to a swift drop in interest rates, which is is the real factor that is affecting households and society in general right now.

[Ortiz] We had a first reaction yesterday with the sale of Cetes [Treasury Certificates]. The interest rates on Cetes dropped. Today we expect a drop in the interbank interest rates. Average interbank interest rates are determined on Wednesdays. We certainly expect there to be a drop in the interest rates because it is perhaps the factor that is adversely affecting small and intermediate enterprises. It is also adversely affecting consumers.

[Lomeli] My fellow reporter, Flor Berenguer, has a question for you.

[Berenquer] Dr. Ortiz, you have said that this emergency aid package for Mexico initiates the recovery of international investors' confidence in Mexico. Political matters still need to be ironed out, but these are not up to the Finance Ministry to resolve. As for the Finance Ministry, however, what other measures would have to be taken to recover confidence in Mexico, which has been our biggest loss.

[Ortiz] We must implement things. We have to implement programs. We have to really take the steps we have announced. We have to take action every day. That is what will help us restore confidence among foreign and Mexican investors. What happened here is very tragic because confidence was lost. In a matter of days, in a matter of weeks, confidence was lost. We have to recover it. I believe we have the necessary elements to do it, primarily because we have a solid economic foundation. The country has these elements. Great progress has been made in the last few years. Many positive things have been done here. Mistakes were made, but they have been recognized. That is what led us to the present situation. We have to pick ourselves up. Mexicans must have faith in themselves. Foreigners and the international financial community have given important support to Mexico with the backing that has been announced. We Mexicans must also have confidence in ourselves.

[Lomeli] After the peso was allowed to float, after the devaluation of the peso, former Finance Secretary Jaime Serra Puche traveled to New York for a meeting with members of the Federal Reserve. Someone there asked him: Mr. Mexican Finance Secretary, why should we believe in you now after everything that has happened? I will ask you, Mr. Secretary, if you will allow me, the same question. Why should we Mexicans believe that the correct measures are being taken now and that the same thing will not happen again in six years?

[Ortiz] Now we are implementing a program that will make us less dependent on foreign countries in terms of the use of resources for growth. What happened to us is that national and private savings dropped greatly. We depended heavily on foreign countries for our growth. What we have to do from now on is increase both public and private savings. We need to depend less on foreign countries for our growth. We must depend more on ourselves. That is the course of our economic program. I believe we have laid the bases to grow, to become an export-oriented country. We have to take advantage of the opportunities to increase exports. If we do that, we will not trip over the same stone twice.

[Lomeli] What you have just said is very important. As for domestic savings, we have received many calls from our listeners. They say they are willing to invest in the country, but they do not find attractive interest rates or instruments such as the Cetes. Why not issue Cetes of 20,000 or 10,000 new pesos? Sometimes banks or brokers do not like to take them because they want to work with greater denominations. I believe these kinds of instruments are important to increase domestic savings as well as to allow citizens to save.

Ortiz] I believe you are right. We should give some thought to decreasing the minimum investment amount for these kinds of assets. Actually, banks and exchange houses do offer money market instruments that have yields similar to the Cetes and can be obtained in smaller amounts. Nevertheless, it is a good idea, and we will study ways to offer a larger variety of savings instruments to the public. I think it is a good suggestion.

[Lomeli] Dr. Ortiz, with the recent, very positive news we are hearing, will prices drop, or will they remain as they are?

[Ortiz] I do not think prices are going to drop. I don't think we should count on prices decreasing. Prices are

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not going to increase so quickly. This is something entirely different. Perhaps some prices will decrease if the exchange rate really does stabilize at lower levels. The prices of imported goods that are linked to the exchange rate probably could decrease if the rate drops, and the same goes for the prices of final products that are made with a substantial amount of imported material. There are many products made in Mexico but which require imported raw material. The prices of those products could decrease in the measure that the exchange rate reaches more realistic levels. However, I frankly don't believe that the general level of prices will decrease. What we must try to do is control the increases, control inflation.

[Lomeli] Mr. Secretary, many people are worried about loans. They are people who want to buy a house, a car, or some other asset, including production goods, and have not done so. How long do you think or predict—even though you, of course, don't have a crystal ball—it will take for the situation to become more stable and we can see things clearer?

[Ortiz] We hope the effect will begin immediately and that the interest rates will start on a downward trend. Yesterday, [words indistinct] and this was a good sign because the interest rates went down. Today we hope the banking rates will decrease too. Well, I believe we are going to have to live with this inflationary bubble for a few weeks or perhaps a few months. It is very important that the interest rates show a true downward trend now, because as you have well said, this is a factor that is having a very negative effect on the production sector and also on the people who have mortgages, car payments, or credit card obligations. The banks are also making efforts to restructure debts to keep the financial burden from being too much for people. However, I don't want to say that things are going to be easy.

[Lomeli] Dr. Guillermo Ortiz, we have started to analyze information, and we noticed that in view of this speculative trend and the current high interest rates, do we not run the risk that the contingency fund, which had been established with the resources of the reprivatization of parastate companies... [pauses] that the idea was to establish an investment fund to revive the economy. In view of the situation facing us and the contraction of credit, will the resources from the parastate companies have to be rechanneled to debt reduction?

[Ortiz] I think that is a very important question. We will certainly have to postpone the investment fund idea for a while; we must be realistic. I do not think we will necessarily have to use the resources obtained from the disincorporation [desincorporacion] of assets to further reduce the debt, because we have a package that will allow us to transform short-term debt into long-term debt.

It is, however, probable that at least part of the resources we will obtain from the disincorporation of assets will also be used to give, let us say, assurances to everyone that the country will continue to reduce debts. Thus we will probably have to postpone its implementation, at least at the levels we had planned. I am talking about the investment fund. I think this is an important point.

[Lomeli] Yes, of course.

[Berenguer] Dr. Ortiz, people are very concerned about the value of the dollar. The United States is also worried. If the dollar is too expensive for Mexicans, we, as a trading partner, would not be able to buy their products, and that is not advisable, either. The truth is that many of our manufacturers are tied to the dollar, because we have a shortage of consumers as well as of capital goods. What should the price of the dollar be to please the two parties, the United States and Mexico?

[Ortiz] Well, you know that the economic program is built around an exchange rate of 4.5. It is very difficult, of course, to predict the behavior of the exchange rate. The exchange rate today is certainly very undervalued; the dollar is too expensive. It has not reached levels reached on Monday, when it stood at 6.8. Yesterday it closed at 5.7. We think the peso is undervalued, and in the coming weeks... [pauses] because this will not happen overnight, either. We hope the exchange rate will reach a more realistic level.

[Lomeli] Mr. Secretary, we have received many calls from our viewers. I would like to ask you, and many people are asking this of you: How will the Mexican Government, the Finance Secretariat and the authorities of the Mexican state in general, assure us that the money that they are lending us, or the money that may be used as a guarantee fund, will not be misused, that it will not be mishandled?

[Ortiz] We are going to inform the public. We are going to inform the Congress of the union at the proper time about the use of these funds. Of course, it must be done honestly and responsibly. The best way to do it is to keep the public informed about the use of those fund, which will be used exclusively—I repeat—for the stabilization of markets and for the replacement of existing short-term debts.

[Lomeli] Dr. Guillermo Ortiz, I think you pointed out the key issue minutes ago: If the international financial community trusts us and will disburse $51 billion to support Mexico, all Mexicans must trust themselves and contribute by working together to overcome the economic crisis. I think that is the key point.

[Ortiz] That is really the important message the world is sending us. The world trusts us, and we must obviously trust ourselves to forge ahead, overcome this obstacle, and emerge stronger from all this.

Bank Lowers Internal Credit Limit to $10 Billion

PA0102195595 Mexico City EL FINANCIERO in Spanish 31 Jan 95 p 9

[Report by Georgina Howard]

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[FBIS Translated Text] The Bank of Mexico [Banxico] Board of Directors has reported the $12-billion limit set on internal credits for 1995 will be lowered to a $10-billion maximum.

As the banking institution sent to the chief of the executive branch and members of the Congress of the Union an explanation on the monetary policies it will implement in 1995, it also explained the decision to lower the credit limit is compatible with the 1.5-percent real growth of the GNP and a 19-percent annual inflation rate.

Following several hours of discussions, the members of this autonomous body, which Miguel Mancera Aguayo heads, reported the internal credit program is based upon the assumption the floating foreign exchange system "will continue."

They have admitted in the document there will high monthly inflation rates during the first few months of 1995 as a result of the recent exchange rate adjustment.

Because there is a relation between the development of initial [primario] credits and the development of prices, the report stated it is convenient for the central bank to set a limit on the increase of the former.

This plan, Banxico has assessed, will help the inflation expectations of economic agents begin agreeing with the price estimates included in the program implemented by the federal government and compatible with the Agreement of Unity to Overcome the Economic Emergency.

The central bank has insisted the program adopted by the Zedillo administration and the agreements signed within the Agreement of Unity give a frame of reference for the bank to contribute to achieving its main objective, that is, "making the purchasing power of the national currency stable," while controlling its internal credits.

It was announced, however, Banxico will issue monthly reports on the development of initial credits throughout the year, as well as reports on the net flows of the financing the institution itself receives from abroad that are aimed at regulating foreign exchange. To this end, the autonomous organization added, it will be possible to follow up on the implementation of monetary policies.

Likewise, the Banxico Board of Directors has recognized there will be high monthly inflation rates during the first few months of 1995 due to the recent foreign exchange rate adjustment, but, it added, the inflationary index is expected to markedly decrease during the second half of the year.

Banxico has assured price stabilization will be possible once the current situation is resolved. The banking institution is determined to reach an annual inflation rate lower than 10 percent by December 1996.

Achieving an inflation rate between 0-3 percent must be Banxico's long-term objective. According to international consensus, Banxico has maintained the inflation rates falling between this range are the ones that could be described as being compatible with a stable situation.

The bank has hinted the timeframe to achieve these mid- and long-term goals will largely depend on the consistency in which the many aspects of economic policies, including those assigned to Banxico itself, are implemented.

Bank of Mexico Reports Drop in Government Bond Investment

PA0102222495 Mexico City LA JORNADA in Spanish 31 Jan 95 p 41

[Report by Roberto Gonzalez Amador and Juan Antonio Zuniga]

[FBIS Translated Text] Official reports from the Bank of Mexico reveal that the amount of foreign investment in foreign debt bonds within the first 15 days of January dropped 2,234,910,000 new pesos.

According to the reports, foreign investors' ownership of Mexican paper amounts to 108,985,510,000 new pesos as of 15 January. This amount is 2.05 percent less than the figure registered at the end of 1994; that is, 111,221,420,000 new pesos.

Moreover, the Mexican Securities Exchange [BMV] reported that the amount of foreign investment in the Mexican stock market dropped to 34,395,160,000 new pesos by the end of 1994, which implied a 37.04-percent decrease in the market value of assets in foreigners' hands in December 1993. Stock exchange indicators show 85 percent of this drop occurred exclusively in December of last year.

The Bank of Mexico indicated that the value of Treasury Bonds (Tesobonos) during the first 15 days of 1995—$21,720,330,000—dropped $829.45 million from the balance registered in December 1994.

According to the central bank's reports, about $15,984,400,000 of the total circulation of Tesobonos among the "investment public," meaning 73.6 percent, are owned by foreigners. This proportion is similar to that reported at the end of December.

During the first 15 days of 1995, the Bank of Mexico carried out two advanced liquidations of credits and securities [reportos] to banks and brokerage houses through the delivery of Tesobonos. It thus managed to reduce by $2.489 billion the amount in circulation in these types of instruments, which are closely watched by the international financial community.

Foreign investors in general have been constantly withdrawing their capital, both in the money and stock markets, particularly after the second half of November 1994.

Referring to this, the BMV said the depreciation of Mexican companies' shares purchased by foreigners last

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year was $20.235 billion. However, expert analysts indicated that in terms of real flow, capital withdrawal was at least $9.57 billion.

In December 1993, when the country's economic prospects were completely different from the current ones, foreign investment in Mexican companies' shares had a value of $54,630,180,000—measured in market prices.

The figure rose to $56,166,820,000 in January 1[illegible] and to $60,924,550,000 in February. In November 1994, the market value of foreign investment in shares had dropped approximately 7.1 percent compared with December 1993.

Moreover, the BMV's reports indicate that by the end of the first two weeks in January, the amount of government bonds in circulation rose to 380,258,750,000 new pesos, which represented $66,131,910,000 at the exchange rate of 5.75 new pesos per dollar.

The central bank remained the leading creditor of the government's internal debt by owning Tesobonos, Cetes [Treasury Certificates], Bondes [Federal Government Development Bonds], and Ajustabonos [Adjustable Bonds] with a total value of 213,777,890,000 new pesos, which represents 56.2 percent of the total amount in circulation in this type of instruments.

Foreign investors represented the second largest creditor of the federal government's internal debt, owning 108,986,510,000 new pesos in these bonds.

The amount was distributed as follows: 13,508,020,000 new pesos in Cetes; 91.9218 billion new pesos—$15.9864 billion—in Tesobonos; 381.66 million new pesos in Bondes; and 2,695,430,000 new pesos in Ajustabonos.

Nonbanking national investors had 44,709,020,000 new pesos in government assets by the first half of January 1995, while the banking sector had 12,785,310,000 new pesos.

The percentage of federal government internal debt creditors is as follows: The Bank of Mexico had 56.2 percent; foreign investors had 28.66 percent; national investors had 11.75 percent; and the banks had 3.36 percent.

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Guatemala

President Not To Seek Reelection

PA0102235395 Guatemala City Radio and Television Networks in Spanish 0300 GMT 30 Jan 95

[Speech by President Ramiro De Leon Carpio from the Presidential Palace in Guatemala City—live or recorded]

[FBIS Translated Text] Guatemalans: I address you for the first time in the last year of my presidential term to convey two messages fundamental to strengthening Guatemalan democracy through absolute respect for the law.

First, I solemnly promise that there will be no official candidates in the next elections, therefore, public funds and state and government infrastructure will not be used to favor any candidate as has unfortunately occurred on many occasions.

I came to the Presidency without belonging to any political party, and I will end my constitutional mandate the same way. I am president of the Republic because it was God's will and because history made me accept the greatest and most difficult challenge of my life to serve my beloved homeland. The circumstances under which I assumed the post were so special that I did not have to conduct any electoral campaign or make any promises to any political, economic, or military power. My political party is Guatemala, and my only commitment is to Guatemalans.

Second, I want to inform you and the international community that I will not be a candidate for president due to legal impediments. This should not be interpreted as a gratuitous concession on my part, but my pledge to the Constitution that I consciously swore to respect and make others respect.

Much has been said, rumored, and even written during the past few days about my presumed presidential candidacy. At first, I did not give the matter much importance. But since I have been directly receiving expressions of support from various political, business, labor sectors, and especially from the grass roots and peasant organizations, I feel it is my moral obligation to express my deep gratitude for the proposals, offers, and spontaneous gestures of solidarity. I cannot deny that I am flattered by those gestures because they are very significant for my government and me, particularly taking into consideration that the mission I received from the people is about to end. But my participation would be a clear violation of our Constitution. I simply cannot be a candidate.

On 6 June 1993, I assumed the Presidency with a simple purpose: confronting and solving one of the most serious political crises Guatemala has ever faced, therefore, this is a good time to remember what caused that crisis. It was caused precisely by an attempt to fracture the constitutional order. Although the action was supposedly for a good purpose, it was nonetheless totally illegal.

It was under those circumstances that I received and assumed the honorable but difficult task of leading this nation. It came about through the use of legal mechanisms and a democratic—and therefore clean—process. Thanks to that, my mandate has the necessary strength and legal and moral grounds a president needs, particularly in times of crisis.

It is also a proper time to remember our firm determination to give the structures and procedures of the country's legal system a chance to function and produce the changes demanded by the people, duly represented by those who took to the streets risking their lives to defend our Constitution and legal order. All those people, representing various sectors and on behalf of the people, demanded a change in the country's government based on respect for the law, which had been broken and was the reason for their protest. That is what we did. Instead of dissolving Congress and the Supreme Court of Justice with a single blow, we decided to use the legal mechanisms, which are slow but valid. We endured with stoicism the criticism of the delays caused by the use of legal mechanisms from some members of the previous Congress.

Now, however, all of you surely agree with me in saying that acting that way and making the urgent changes in the state institutions within the law without shedding one drop of blood was a success for Guatemalan democracy and an example for democracies on the continent and in the world.

This was all possible because when on 6 June 1993 I accepted the huge responsibility of becoming president of the Republic I did so without seeking power, special privileges, or wealth. I simply accepted with serenity, seriousness, and, at the same time, pride the opportunity to serve my country as I did when I was president of the National Constituent Assembly and later as human rights ombudsman.

I viewed this as a challenge. I accepted it and have contributed my best efforts. Of course, I did not do this by myself. Along with Vice President Arturo Herbruger Asturias, an honest and capable man who has defended the empire of the law and democracy throughout his entire life, and along with all my aides, we have contributed our best efforts to supporting the goal of moving Guatemala forward to make the necessary changes in economic and fiscal areas to effectively defeat the overwhelming poverty facing our country, especially in rural areas, and to help demopolization and privatization efforts to place Guatemala on the path to modernization.

In doing this, we have enjoyed the support of a majority of the people, beloved Guatemalans, who in many cases have set aside personal interests to offer their support and place their trust in a number of measures that were adopted, because our commitment is based solely on our love for Guatemala.

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I have also contributed my best efforts toward signing a peace document to end many years of domestic armed confrontation and establish irreversible bases to restructure a genuine state of law. Unfortunately, this has not been achieved because the other party involved in the peace talks has not shown true political will.

Now, however, we Guatemalans of goodwill are united in the struggle to close that dark chapter of our history, and I am fully confident in the efficiency of the generous help offered by all world nations represented in the United Nations.

I will certainly leave the presidency of the Republic cognizant that I was unable to solve some of the country's important problems, but my term has been too short and many problems are decades and even centuries old. This makes it difficult to solve them adequately.

I will also leave with the satisfaction of having established, in many cases, the foundations and the necessary solutions to modernize the state. And above all, I will leave after having shown Guatemalans that it is possible to govern with honesty despite deep-rooted corruption in all areas, and that it is indeed possible to govern without having access to millions in secret funds and without getting rich by taking advantage of power.

For all these reasons, as a citizen, a lawyer, and a constitutional expert, and because I swore to defend the Constitution, to enforce it, and to ensure compliance with it, and especially because I want to maintain a good reputation, I would never allow my difficult tenure as president of the Republic to tarnish that reputation by lending myself to maneuvers to distort the law in order to allow me to run for president.

I count myself among the lawyers who believe that the letter and spirit of the law are equally important. I can assure you that I invariably apply moral values forged since my childhood and my principles as a defender of rights. I am not an interpreter of the whim of political interests of a specific moment that are based on pseudo-legal tricks.

The rumors I mentioned are characteristic of an election year when political excitement, confrontation, and passions emerge and increase. As I told you, as far as I am concerned, respect for the law, regardless of who is affected, will be the guiding light of my actions and those of the government during the electoral process.

This is how my post and my personal principles allow me to help convince as many Guatemalans as possible to vote, to freely and democratically elect their future rulers. Thus, beloved Guatemalans, this historic and unprecedented political decision will end the atmosphere of instability and speculation that affects the process. This move dispels the electoral atmosphere, prevents unnecessary uncertainties, and strengthens national stability.

I do not have a political party to benefit or a preferred candidate. Thus, I guarantee that there will be no official party or candidate. I agreed to serve as president of Guatemala from 6 June 1993 to 14 January 1996. Nothing and nobody will make or convince me to remain in this post even one more day or even one more minute.

Thank you very for your attention. Have a very good evening.

Nicaragua

Cornap Privatizations Criticized

95CA0101A Managua LA TRIBUNA in Spanish 3 Jan 95 p 10A

[Editorial: "Privatization and Transparency"]

[FBIS Translated Text] The privatizations carried out by Cornap [National Corporation of the Public Sector] are controversial for two reasons: 1) properties illegally acquired by the government were privatized; and 2) there was a lack of transparency in the privatization process.

Properties have been privatized in other countries of Latin America, but these have generally been properties that the respective governments have acquired legitimately. Moreover, most of these countries have followed scrupulously transparent procedures when privatizing properties.

As we said, the government's first dereliction in this area was its privatization of properties that had been claimed by their lawful owners. The second dereliction had to do with the procedures used in the privatization process. The lack of transparency during the privatization process was notorious, and the secrecy is continuing. The government contends that it is not guilty of any dereliction inasmuch as in many cases it made use of the mechanism of public bidding, but it is not fooling anyone.

As is known, utilization of the mechanism of public bidding is a necessary—but insufficient—condition in order for bidding to be transparent. The other conditions are as follows: 1) the seller of the property offered for sale must be the legal owner of that property; 2) the seller must be legally empowered to sell it, i.e., there must be an applicable law; 3) the bases for the sale must be evident; 4) all of the potential participants must have access to the same information; 5) the minimum price must be clearly established; 6) the acceptable instruments of payment must be stipulated in advance, so that there will not be one price for the friends—or associates—of Cornap and a different price for those who have no relationship with Cornap; 7) the criteria to be followed in homogenizing the bids must be made public, to ensure that the best bid will be accepted without showing preference for anyone.

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It is obvious that these procedures were not followed in connection with the privatizations carried out by Cornap, despite the fact that the high officials of the government and of Cornap were not unaware of the necessity for following these procedures. The general impression is in fact that President Barrios de Chamorro and her supporters decided to do things their own way and that her supporters profited in the process. This is a very bad thing, however.

If the president and the officials who took part in this process believe that this impression is wrong, they should take the necessary steps to enable civilian society to have complete and truthful information. The first step would be to publish a white paper containing an explanation of how the conditions to which we have made reference were fulfilled in connection with each of the privatizations carried out by Cornap. If they do not publish this information, the impression that there was corruption in Cornap will ultimately be transformed into conviction.

Role of Media Examined

95CA0101B Managua LA TRIBUNA in Spanish
29 Dec 94 p 3A

[Article by Emilio Zambrana]

[FBIS Translated Text] The year 1995 will be marked by an intense electoral process in which the media—radio, the print media, and television—will play a major role. The role that they will play, however, will not be the same as the one they played during the 1990 election campaign. The experience that the media have accumulated—and the professionalization that they have undergone—during the past four years suggest that the rules of the game will be different from those that prevailed in 1990, when the polarization—and the partisan use—of the media in many instances eliminated journalistic precision from the election coverage.

In an extensive interview granted to LA TRIBUNA, the well-known communications expert Guillermo Rothschuh Villanueva predicted that the year 1995 will make demands of a political nature on the media, and that the symbiotic relationship between the government and the media will be reaffirmed.

In addition to his predictions—which were based on the profile of the media during 1994—Rothschuh Villanueva said it is a fact that a strong relationship exists between the media and politics.

The communications expert—who is dean of the School of the Communications Sciences of the Central American University (UCA)—assessed the situation that arose in early November, when a so-called orthodox faction of the FSLN [Sandinist National Liberation Front] dismissed Carlos Fernando Chamorro, the then editor of the Sandinist newspaper, who attempted to change the partisan and pamphleteering profile of the newspaper to one of professionalism.

"This situation serves to demonstrate that political groups are especially interested in having various means of communication at their disposal," Rothschuh Villanueva said.

"Barricada is not an isolated case, but has instead proved to be a kind of detonator that makes it possible to interpret more clearly this situation that is arising between politics and the media," he added, after he had classified the print media on the basis of their political preferences.

In Rothschuh's opinion, LA TRIBUNA has a political bias that is "very clearly liberal"; LA PRENSA's advocacy vacillates between liberalism and conservatism; and EL SEMANARIO and EL NUEVO DIARIO support the Sandinist Renewal Movement.

He makes a distinction, however, between the practice of journalism in the media, on the one hand, and the media's political biases. "In none of these cases am I saying that they are not practicing journalism," he explained. "I am merely stating their political preferences."

Radio Stations Not Free From This Phenomenon

Rothschuh maintained that the radio stations in our country are likewise not free from the phenomenon of biases and even have their own candidates. He said that Radio Corporacion—with its presidential precandidates Fabio Gadea Mantilla and Jose Castillo Osejo—has its obvious political preferences.

"On the other side," he said, "we find Radio Ya, where you have a strong voice of Sandinism that very clearly expresses a certain bias toward Presidency Minister Antonio Lacayo." During the tenure of the Sandinist administration, Rothschuh had held the post of censor in the Directorate of Communications Media in the now abolished Interior Ministry.

He is not emphatic in his judgment, however, and maintains that this situation could be modified as a result of the alliances between the factions headed respectively by Antonio Lacayo and Daniel Ortega. When asked whether the possibility exists that the history of a politicized journalism—such as prevailed during the February 1990 political campaign—will be repeated, Rothschuh declared that this was one of the risks but added, "we must avoid it." He maintains that Lacayo is the candidate who exhibits the "most weaknesses in the print media."

The Media: A Civic Forum

"Nothing is more gratifying to politicians than the attention they receive in the media," Rothschuh said. "That is especially true by virtue of the fact that modern political communication increasingly employs market strategies while at the same time is increasingly dependent on the media," he said, adding that this had become apparent during the 1990 election campaign.

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He continued by declaring that the media are at the very top of the list of the politicians' strategies but that greater polarization must be avoided. He believes it will be difficult for the media to revert to a journalism that is "highly propagandistic."

The communications expert believes that the media should open their doors and become a kind of "civic forum."

"It is incumbent on the media to prescribe new rules of the game, for that would be a positive contribution to the process of modernizing journalism," he said. At the same time, he explained, this would make it possible to utilize in a different manner the opportunities that exist within the framework of independence and autonomy that the media enjoy. "Otherwise," he said, "we would be reverting to the campaigns of ideological intoxication."

The Importance of Computer Services

In Rothschuh's opinion, 1994 was the year in which computer services, telecommunications, and the media consolidated their interconnections. Not only did the economy, culture, and politics make good use of these tools, he said, but journalism did so as well.

"During 1994," he said, "information services were incorporated not only into journalism but into the processes of production, education, and culture. We should thank the newspapers," he added, "for initiating a literacy campaign and disseminating knowledge of the practical utility—and enormous advantages—of using this technology, which we already have at our disposal."

"LA TRIBUNA has a dual merit," he said: "it not only addressed the subject of computer services but for the purpose created a supplement as part of a broader strategy. LA TRIBUNA is the Nicaraguan newspaper that has the most supplements: It has an agriculture and livestock supplement, a magazine, and a computer services supplement. I believe this is one of the successes that this newspaper has recorded during the year that is about to end."

TV and Cable

In the opinion of this noted communications expert, the expansion of the transmission schedule of Channel 2—and the creation of discussion programs such as "In Depth," "Good Morning," and "Forum 96" ["A Fondo," "Buenos Dias," and "Foro 96"]—had the effect of strengthening the panorama of discussion in the media. "The only weak channel, from the professional standpoint, is Channel 6," he maintained. Another factor that he views as positive is the large TV audience for the TV-COSEP [Higher Council of Private Enterprise] newscasts on Channel 2 and Extravision on Channel 4, which compete with the Univision, Eco, and Telenoticias international newscasts. Rothschuh maintains, however, that the national TV stations have no programs of their own. "There is no domestic production," he explained.

1995: An Interesting and Complex Scenario

According to Rothschuh, 1995 promises to be an "interesting and complex" year because it will feature the debate on the Telecommunications and Postal Services Law, which will find itself attacked from two sides—by the professional politicians and by the government—in the context of the so-called Social Agenda. Rothschuh therefore asserts that 1995 could see the inauguration of TV programs oriented toward women and young people.

From this point of view, Rothschuh Villanueva foresees an interesting panorama in the field of journalism—a panorama that is nuanced by new elections held in a context different from that of the 1990 elections. His predictions could have a solid basis, if we consider the experience that the media accumulated during the last election campaign.

Panama

Peru, Ecuador Pleased With President's Offer

PA0102184995 Panama City LA PRENSA in Spanish 1 Feb 95 p A-5

[Report by Jose Otero]

[FBIS Translated Text] Diplomatic representatives of the Peruvian and Ecuadoran Embassies accredited in Panama are pleased with the offer Panamanian President Ernesto Perez Balladares has made to use Panamanian territory to search for peace in this warlike conflict.

Perez Balladares has called for harmony between the two governments and has offered Panamanian territory to ensure that plenipotentiary staff having a conciliatory spirit will meet.

Ecuadoran Charge d'Affaires Jose Maria Gomez de la Torre has said that Panama has always characterized itself by its interest to find solutions to the continent's problems and that the Quito government has warmly welcomed the offer.

Meanwhile, Peruvian Ambassador to Panama Alfredo Ross has said that his country's government is pleased with the Panamanian offer, but the solution to the warlike conflict must be found within the framework of the 1942 Rio de Janeiro Protocol.

The two diplomats have said that their respective countries have the resolve to reach peace but that they have disagreed on the methods to achieve this objective.

Gomez added the two nations are not holding direct negotiations to resolve the border conflict for the time being but has said his government is willing to accept a

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visit by the four guarantor countries (the United States, Brazil, Argentina, and Chile) to analyze the situation.

The Ecuadoran diplomat has also said President Sixto Duran-Ballen has accepted the intervention by international organizations and delegations of friendly countries to check the border situation.

"The only thing Ecuador has done is to defend itself and to keep police agents in areas that are not part of Peruvian territory," the Ecuadoran official has said.

Meanwhile, the Peruvian ambassador has affirmed his government has been forced to repel the Ecuadoran military forces, which, he has said, have penetrated Peruvian territory. He has also said these invasions by Ecuadoran military forces to border territories have occurred since 1981, prompting the government of President Alberto Fujimori to react.

Cuban Ambassador Views Issues, Rafters

PA0102232795 Mexico City NOTIMEX in Spanish 2007 GMT 30 Jan 95

[Report by correspondent Sandra Paez]

[FBIS Translated Text] Panama City, 30 Jan (NOTIMEX)—Carlos Alberto Mas Zabala, the Cuban ambassador to Panama, has asserted that Panamanians have a very bad image of the island but that his mission in this country will be "to get everyone to recognize our right to exist." The diplomat granted an interview to NOTIMEX and said he has such high hopes of strengthening the bilateral relations that "if expectations were to cause heart attacks, I would already have had one."

Cuba and Panama recently regularized their diplomatic relations at the ambassadorial level. After the U.S. invaded Panama on 20 December 1989, then-Cuban Ambassador Lazaro Mora was declared "persona non grata" by the government of Guillermo Endara, which maintained diplomatic relations between both countries at a low level.

After admitting that Panamanians have a negative image of his country, Mas Zabala, who is also a physician, said "the entire world knows that Cuba has many things to share, even amid its economic calamities." The ambassador reiterated that he will not try to convince people but that they recognize "our right to exist.... We would not have any problem if the much-talked-about plurality were applied to our country because we are defending our right to think differently from others."

Mas Zabala deemed that both countries are willing to further their relations in all directions. He underscored "the substantial change in the current Panamanian Government" and accepted that there will be "noble" spheres and others that are more complicated, such as the political one. The cultural and sports exchanges and Cuba's scientific and technological assistance will help further relations and eliminate prejudice, said Mas Zabala, who has also occupied the post of director of culture of the Central Committee of the Communist Party of Cuba. "I believe we have to study ways to increase our commercial ties. But when I think about Panama I am not thinking about the Colon Free Zone, because the Free Zone is a place other countries use to catapult their products," he asserted. "I am thinking about actions of a commercial or investment nature that will lead to development of internal forces or to the presence of Cuban products on the Panamanian market or of Panamanian products on the Cuban market," he added.

But he accepted that he will have to find opportunities to help "prejudiced people see that we are human beings. That we think, hear, argue, and dissent. That we have advanced amid thousands of contradictions and discrepancies."

The presence of the Cuban rafters in Panama could affect his diplomatic task because the Cuban issue is latent in the media but "from a perspective that is not the most ideal or just because their personal reasons are not being given due consideration," he said. The rafters, he said, provide a distorted vision of the country because their migration was politicized. It has not been taken into account that they are not the only examples of this kind of thing; thousands of Mexicans cross the border to the United States and risk their lives just as the Cubans did but without rafts. Mas Zabala emphasized that the rafters reflect the history of how the Cubans were encouraged to migrate because "it was enough for any one to get there and say: Down with Fidel Castro; I am persecuted. And then he was a hero in the United States."

He said: "What hope does a rafter who says he wants to live well, who supports Fidel, who is a socialist, and who makes political statements in such hopelessness have?"

He pointed out that the United States and Panama are discussing the rafters' problems, but he refrained from reporting the status of the petition filed by those rafters who want to return to the island, because, he added, Washington and the island are debating this issue. He indicated that his government deems the return of rafters to the island a social problem, because those who departed left their homes, cars, and jobs behind. It is possible that their jobs have already been reassigned and that their assets belong to other people now. "Many of the rafters who set out on this paradisiac trip that the Americans painted for them arrived at the coast with their cars and boarded the rafts. No one knows what happened to these cars; some left their houses behind, and what happened to these houses?" he wondered. "Some took their children with them; how will they go back to school?" he added. Mas Zabala explained that this is why a roll listing the names of those who want to return has been made and a process has begun in the communities were they used to live. Otherwise, how could Cuba justify the fact that they do not have jobs,

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because others were already assigned to them, and not for political reasons?" [no opening quotation mark as received]

As he described as a "regrettable episode" the rafters' situation, the ambassador maintained that Cuba refuses to make "a gesture that could be interpreted as meddling in the affair; we only alerted Panamanian and U.S. authorities." He warned that "any type of unexpected reaction could occur" in the camps, because these people feel betrayed. Ambassador Mas recalled that the riots and the mass escapes that occurred in two Panamanian camps in December 1994 prove that the U.S. military men are "largely vulnerable and are unprepared for this task."

Are they prepared to prevent a similar action when they decide to begin boarding the rafters into planes or ships? Mas Zabala wondered as he commented on the return of approximately 7,500 Cubans from here to Guantanamo. "Did they take measures to prevent mutiny or bloodshed?" he insisted while underscoring that these Cubans are "demanding people who are accustomed to have their basic needs met." "These people are not indigent; these people do not believe that living under a tent is better that what they had; these people come from a country where they have homes, where their basic needs are met, where education and health services are free," he explained. "On the other hand, Cubans are politicized people who have organizational skills, who have the ability to organize, and who deep down have anti-gringo feelings," he affirmed while insisting that the rafters camps "are a time bomb."

Before concluding the interview, the diplomat stressed a factor that is adding to the problem of the rafters in Panama. He emphasized that "they felt like they were on the continent, and everybody knows one could go the United States by land, but from Guantanamo, one needs a plane or a ship to achieve this feat."

The Cuban Embassy in Panama granted some 1,200 visas to Panamanians who visited the island in 1994. Approximately 600 or 700 of these were tourist visas; the other visas were granted to tradesmen or patients who went to his country's hospitals.

Mas Zabala presented his credentials to Panamanian President Ernesto Perez Balladares on 25 January. Meanwhile, Panamanian Ambassador to Cuba Rafael Moreno Saavedra presented his credentials to Cuban authorities the day before.

Foundation Asks Government To Extend Rafters Deadline

PA0102142195 Panama City LA PRENSA in Spanish 31 Jan 95 p A-5

[Report by Jose Quintero De Leon]

[FBIS Translated Text] The Olympia B. de Ycaza Panamanian Foundation has asked the government of President Ernesto Perez Balladares to extend the deadline of an established agreement so as to contribute to a solution to the problem of the Cuban rafters' imminent return to Guantanamo.

During a news conference, Doctor Monica Gonzalez said, on behalf of the Foundation, there is a plan to provide sustenance for a small number of those Cubans by collecting donations.

A foundation spokesman has said: "The U.S. Government has the moral obligation to immediately suspend the repatriation process, and the Panamanian Government must support efforts for their relocation."

The emergency plan calls for the selection of professionals, technicians, and craftsmen who have a skill or craft so they may be allowed to remain in Panama, and the foundation will create a series of self-support programs and seek financial support, food, and housing for those Cubans. This plan will stop them from becoming a burden to the state or competing in the labor market with local citizens.

A communique has explained the Olympia B. de Ycaza Foundation is a legal, nonprofit, democratic, apolitical, independent organization dedicated to the solution of moral, social, economic, and ecological problems in the country, particularly in the region known as West Panama City.

Tristan Desiderio Cajar is the chairman, and Monica Gonzalez is the legal representative, and the organization obtains its funds primarily through large donations from nongovernment organizations in Europe.

Referring to its programs for the West Panama City area, the Foundation has prepared 10 projects that need an investment of $75 million, which will boots the sector economically.

First Group of Cuban Rafters Leaves for Guantanamo

PA0102204995 Panama City ACAN in Spanish 1747 GMT 1 Feb 95

[By Fabio Agrana]

[FBIS Translated Text] Panama City, 1 Feb (ACAN-EFE)—The first 500 rafters, of more than 7,000 who are in the camps along the Panama Canal, began leaving on 1 February, crestfallen and under strict security measures, en route to the U.S. military base in Guantanamo (Cuba).

The transfer operation, dubbed "Safe Passage," will be carried out through an air bridge that will last approximately 14 days, with the daily transfer of a contingent of 500 Cubans distributed in five flights of 100 rafters each.

The first flight of the U.S. airline American Trans Air left Howard Air Force Base at 0700 with 100 Cubans, mostly men, from Camp No. 4 (there are three other camps), the first to be evacuated.

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Four additional flights scheduled for today were "dispatched" without incident at approximately one-hour intervals.

Two commercial Boeing 727 airplanes and three C-141B military airplanes were used by the U.S. Southern Command, which has its headquarters in Panama, to transfer them.

The Cubans were taken early this morning to Howard, which is located close to the camps, in chartered Panamanian urban service buses known as "roadrunners." Wire mesh was fixed to the bus windows to prevent a possible escape.

Each of the buses, driven by soldiers, carried approximately 25 Cubans accompanied by more than a dozen military members who were, in turn, escorted by the Military Police and an all-terrain vehicle carrying military armed with antiriot gear.

While riding the buses, which passed close to the area occupied by the media at Howard Air Force Base, certain Cubans shouted: "Good-bye Panama! Thank you for everything!"

Meanwhile, large loudspeakers were used, as was done when they arrived in Panama on 6 September, to broadcast Cuban artist Gloria Estefan's music, particularly the song "My Land," in an unsuccessful attempt to make their departure less sad.

More than 50 soldiers armed with batons and lined up in two rows watched while the rafters boarded the airplane one by one.

They boarded the airplanes crestfallen, without a gesture and without looking at the sign placed by the U.S. military members wishing them "good luck."

One of the most symbolic gestures came from a tall young man who kissed the ground at the airport's landing strip before climbing the airplane steps and facing his return to Guantanamo.

Colonel David Holland, spokesman of "Operation Safe Haven," as the rafters' stay in Panama was called, told the media the security measures are "necessary so there will be no violence."

A total of 1,250 military members have arrived in Panama from the United States to help the 3,500 military personnel assigned to the camps to escort the rafters.

The rafters have been classified in three different categories for their transfer to Guantanamo: those who cause no problems, those who are "undisciplined" and provoke riots, and those who are sick, mostly as a result of suicide attempts.

The recalcitrant ones will travel within the general transfer operation, but they will go in a separate flight, with their hands and feet tied up to their waist, and escorted by U.S. federal agents.

Benjamin Ziff, U.S. Embassy spokesman in Panama, denied the rafters' return to Guantanamo is a failure of President Bill Clinton's foreign policy, and he recalled the U.S. Coast Guard rescued and saved "thousands and thousands" of rafters who jumped into the sea. He added the U.S. Government will continue to process visas for Cubans wishing to enter the United States, provided they return to Cuba.

The U.S. Southern Command has explained the Cubans' return to Guantanamo is a result of the agreement signed between the United States and Panama, which establishes the Cubans must depart before 6 March.

Panama signed an agreement with the U.S. Government on 6 September to receive up to 10,000 rafters for approximately 6 months, and the Panamanians refused to extend the deadline.

Approximately 1,171 Cubans have been able to enter the United States under the program implemented by the U.S. Department of Justice for people who are 70 years of age or older, children, and chronic patients, while another group of 72 have traveled to Spain.

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Argentina

Foreign Aid to Mexico Boosts Share Prices on Stock Exchange

PY0102211595 Buenos Aires TELAM in Spanish 2027 GMT 31 Jan 95

[FBIS Translated Excerpt] Buenos Aires, 31 Jan (Telam)—The Merval index of blue-chips rallied by 7.07 percent today as the news that Mexico will receive $50.700 billion in foreign aid was publicized.

The Merval index closed at 435.00 points compared with 406.27 on 30 January, when it plunged by more than 6 percent.

The general index of the Buenos Aires Stock Exchange advanced by 5.41 percent, which enabled it to cut the losses registered in January to 5.3 percent.

Share prices showed an advance from the moment trading started due to the scanty supply of shares.

The first advances were consolidated upon learning the news from abroad. Stockbrokers considered that the aforementioned foreign aid to Mexico will make the financial markets more tranquil. [passage omitted]

Bank Association Lauds Clinton's 'Wise Decision' on Mexico

PY0202114295 Buenos Aires TELAM in Spanish 2243 GMT 1 Feb 95

[FBIS Translated Text] Buenos Aires, 1 Feb (TELAM)—Eduardo Escasany, the president of the Association of Argentine Banks [Adeba], stated on 1 February: "The problems within the Argentine financial sector caused by the Mexican crisis are over."

Escasany, who is also president of the Bank of Galicia, added: "U.S. President Clinton's wise decision to approve foreign aid for Mexico by decree has favorably affected all markets. Consequently, the Argentine financial system is calm again."

Escasany emphasized the soundness of the Argentine economy and financial system and recommended investors to purchase Argentine shares and government securities.

He explained: "Argentina is basically unchanged by the Mexican crisis. The Mexican devaluation had a psychological effect on global markets, causing panic among some corporate investors."

Escasany added: "Clinton's decision confirms his ability to handle major problems; it contributed to restoring confidence and dispelling the turmoil the Mexican crisis sparked off."

Consulted about the future of the Argentine financial system, the Adeba president said: "The problems of the past few days involved some small financial establishments which withstood the crisis quite well and proved that their assets were of very good quality."

He exemplified the situation by saying: "Many banks, including the Bank of the Nation, have purchased those assets."

"The situation of those banks has been restored. Their problems are already a thing of the past," he said.

After praising Economy Minister Domingo Cavallo's tour of the United States and Europe, Escasany said: "Following Clinton's decree on Mexico, I am convinced Argentine share and security prices will soon rise."

"The possibility of another case like the Extrader Bank [which suspended its activities] is very remote. If it were to occur it would be due to specific problems within an individual bank rather than to problems in the financial system," he said.

Escasany told TELAM that deposits in the banking system are increasing and that "Argentina offers possibilities of making excellent business deals."

The Adeba president met this afternoon with Central Bank President Roque Fernandez; Roque Maccarone, secretary for banks, finances, and insurance; and other members of Adeba executive board at the Finance Ministry.

Cavallo participated for a while before going to Government House.

IMF Delegation Visits; Studies Fiscal Accounts

PY0202073695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2107 GMT 31 Jan 95

[FBIS Translated Text] Buenos Aires, 31 Jan (NA)—On 31 January, the IMF began studying the degree of solvency of Argentine fiscal accounts and economic projections for 1995, which could help improve Argentina's image abroad.

The 15-day visit of an IMF mission to our country at a time when the Mexican financial crisis has not yet been overcome may help Argentina to prove that it is different from Mexico.

The economic team is confident that, if the IMF experts agree with what Argentine accounts say, they will have at their disposal conclusive evidence that will totally dispel the mistrust foreign investors have in emerging markets, including Argentina.

In a move to consolidate the image of Argentina's economic plan abroad, three months ago Economy Minister Domingo Cavallo asked the IMF to continue monitoring Argentine Government accounts .

The IMF delegation, headed by the British economist Martin Hardy, arrived in Argentina today and this afternoon they met with Economic Planning Secretary Juan LLach.

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This meeting was the first on a long list of meetings the IMF delegation will hold with Argentine economic authorities during their 15-day stay.

The IMF experts are scheduled to hold talks with Trade and Investment Secretary Carlos Sanchez, Finance Secretary Ricardo Gutierrez, Public Revenues Secretary Carlos Tacchi, Central Bank President Roque Fernandez, and Argentine National Bank President Aldo Dadone, among others.

Hardy and his team will also hold several meetings with Cavallo—who will return to Argentina from a tour abroad on 1 February—to jointly assess Argentine public accounts.

LLach confirmed that the Argentine Government will not ask the IMF for any loans although he made it clear that the credit lines granted by the World Bank had not been suspended.

The planning secretary reiterated that this IMF mission to Argentina is different from the ones undertaken in the past within the framework of the extended Fund facility.

Last September, the economy minister decided to forgo the last two disbursements contemplated in the aforementioned financing scheme.

LLach reported that the IMF experts will assess Argentina's fiscal position in the fourth quarter of 1994 and prospects for 1995 and asserted that "there are no strings attached for possible loans or targets to meet."

He mentioned that other subjects that will be analyzed include tax collection, the feasibility of the goals for government expenditures, and the handling of the external debt.

LLach deemed the new IMF supervisory mission "highly beneficial" as "it will enable Argentina to confirm its credit rating, which (President Carlos) Menem and Cavallo have underscored in international forums" like the one recently held in Davos, Switzerland.

During a news conference with reporters accredited at the Economy Ministry, the planning secretary considered that IMF monitoring of Argentine accounts "will be very positive because Argentina is interested in giving assurances as to the fact that it can service its external debt."

"Moreover, it will also enable our country to receive foreign financial resources, which even though they are not absolutely necessary, would go a long way toward confirming that one can count on voluntary private financial aid from other countries," he emphasized.

LLach was of the opinion that in Argentina "investments exceed savings" thus acknowledging that the country needs an inflow of foreign capital.

In concluding, he said that "if the inflow of capital into the country comes to a halt we will have to either invest less—which will in turn bring about a drop in the growth rate—or save more, which will entail an even greater effort on the part of the population."

Menem Assumes Role of 'Virtual Mediator' Between Peru, Ecuador

PY0102153695 Madrid EFE in Spanish 1457 GMT 1 Feb 95

[FBIS Translated Text] Buenos Aires, 1 Feb (EFE)—Argentine President Carlos Menem has stated that he has "great hopes" that the hostilities between Ecuador and Peru in the border zone the two countries are fighting over will end "precisely today."

Menem also said that Peruvian President Alberto Fujimori had promised to him to suspend hostilities and withdraw "tanks and ships" as soon as the Peruvian and Ecuadoran representatives join the delegates of the guarantor countries of the Peruvian-Ecuadoran Treaty signed in 1942 in Rio de Janeiro.

This morning Menem told Radio America of Buenos Aires that "yesterday (Tuesday) I spoke to (Ecuadoran President Sixto) Duran-Ballen and two or three times to Fujimori, the last time at 2300."

Menem said he had assumed the role of virtual mediator between the Ecuadoran and Peruvian presidents at the request of Brazil, Chile, and the United States, which together with Argentina are the guarantor countries of the Rio de Janeiro Protocol.

Menem added: "They have asked me to speak to the Peruvian president due to the friendship we share, and see how we can resolve this situation."

Since 31 January, the Argentine, Brazilian, and Chilean vice foreign ministers and the U.S. under secretary of state have been meeting in Rio de Janeiro in an attempt to get Peru and Ecuador to cease hostilities.

Although the representatives of the guarantor countries have still not been able to restore peace between the two countries, Menem said he had "great hopes that the confrontation will end today."

Menem ended by stating: "I am among those who are intervening most strongly to try to resolve this conflict" between Peru and Ecuador.

Foreign Minister Reiterates Trust in Arbitration

PY0102181295 Buenos Aires TELAM in Spanish 2355 GMT 31 Jan 95

[FBIS Translated Text] Buenos Aires, 31 Jan (TELAM)—The Foreign Ministry reiterated today that the Arbitration Tribunal decision favoring Argentina on the Laguna del Desierto dispute is juridically correct and has no flaws.

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The Foreign Ministry communique says: "The decision is impeccable. It contains no flaws and correctly interprets the 1902 arbitration in accordance with international laws."

The Argentine Foreign Ministry learned of the petitions filed today by the Chilean Government, challenging the decision of the Arbitration Tribunal—which is based in Rio de Janeiro—and commented that the Tribunal has still not been officially notified it of such petitions.

The official text says: "Argentina is convinced of the legitimacy of its rights as recognized by the Arbitration Tribunal and maintains unchanged its full trust in this tribunal."

The Foreign Ministry stressed: "The 21 October decision is juridically impeccable and has no flaws."

The Chilean Government today presented a "diplomatic note" in Rio de Janeiro containing the petitions challenging last October's Arbitration Tribunal decision favoring Argentina on the Laguna del Desierto dispute.

The Arbitration Tribunal received the Chilean appeal, which is allegedly based in five "possible" errors, as understood by the Chilean Government.

The Tribunal is presided over by Colombian citizen Rafael Nieto. The members are El Salvador's Reynaldo Galindo, Venezuela's Pedro Nikken, Argentina's Julio Barberis, and Chile's Santiago Bendava.

Diplomatic sources said the Tribunal will study the Chilean petitions at the end of February.

Federal Judge Indicts, Releases Suspects in AMIA Case

PY0202121495 Buenos Aires TELAM in Spanish 0005 GMT 1 Feb 95

[FBIS Translated Excerpt] Buenos Aires, 31 Jan (TELAM)—Federal Judge Juan Jose Galeano tonight indicted Hugo Perez and Miguel Jaimes on charges of "harboring" in the case of the attack against the AMIA [Argentine-Israeli Mutual Association] building. He embargoed their assets for 500,000 pesos, but released the two detainees.

Perez, a former member of the Cordoba Province Police, has been named as the possible author of the Iranian Embassy note that was found at the home of Carlos Alberto Telleldin, the only person under arrest in this case, who is accused of being the nexus with the terrorist group.

Jaimes was indicted today for his links with acquiring the Renault Trafic van that was presumably used in the terrorist attack on 18 July 1994 at 633 Pasteur Street and in which 86 persons died and more than 100 were wounded.

Galeano said Perez and Jaimes must appear before the court "within the first 5 days of each month or they will be considered in contempt of court and their immediate capture will be ordered." [passage omitted].

Galeano's decision states: "It was Perez who informed the court that 2 or 3 days after the attack, Telleldin and his wife got very nervous and indicated that it could have been their Trafic van that was used in the attack" as a car bomb.

Regarding Jaimes, the judge states: "Neither his misleading explanations nor that of Telleldin are sufficient evidence to drop charges against Jaimes because we believe he provided Telleldin with the Trafic van that was rebuilt before being used in the attack."

Court sources have reported that Jose Ramon Juan Martinez, the most recently arrested person in the AMIA investigation, was also released today by Judge Galeano.

Martinez was arrested on 25 January in the city of Mar del Plata following accusations by Telleldin that he purchased the Trafic van that was presumably used as a car bomb to blow up the AMIA building. [passage omitted]

Following his release, Martinez, 50, a Spaniard, said: "I had nothing to do with the AMIA attack and I have no complaints about my treatment by the police or the judge." [passage omitted]

Bolivia

Supreme Court Approves Rico Toro's Extradition

PY0202002495 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 1 Feb 95

[FBIS Translated Text] We have information from Sucre. The Supreme Court today approved the extradition of Colonel Faustino Rico Toro to the United States. The decision of the Supreme Court members was seven votes against five. We reiterate that Faustino Rico Toro, who was for a very short time chief of the Special Antinarcotics Force, will be extradited to the United States on a decision made by the Supreme Court.

Rico Toro's lawyer, Ides Ortiz, told ERBOL news agency that he will submit a note to President Gonzalo Sanchez de Lozada tomorrow requesting that Rico Toro not be handed over to U.S. officials. Ortiz admitted this is a last resort but said there is the possibility that the U.S. Embassy will take action even before the president can answer the request.

According to the current laws that regulate extradition cases, despite the Supreme Court decision, the president can decide against a judicial branch decision. Lawyer Ides Ortiz warned that this extradition—the second to the United States, the first one was Asunta Roca Suarez—is the beginning of at least 100 extradition requests by the U.S. Government which was waiting for Rico Toro's extradition to begin the others.

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COB Rejects Dialogue With Government Over Budget

PY0102162795 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 30 Jan 95

[FBIS Translated Text] The government has called for dialogue in face of the refusal by the Bolivian Labor Federation [COB] to debate the budget issue. Labor Minister Reynaldo Peters revealed today that President Gonzalo Sanchez de Lozada wanted to make official the 8 percent salary increase proposal:

[Begin Peters recording] This is the percentage that was offered by the president a few days ago. The sacrifices to be made to reach the percentage offered by the president are explainable. [end recording]

The government immediately released a communique, which was read by Social Communications Minister Ernesto Machicao:

[Begin recording] The government fears that the COB's refusal has political connotations that have nothing to do with the defense of the legitimate interests of the workers. If this is the case, the COB's leaders should define what is first in their priorities, the workers' interests or political commitments. An explanation is very important so that the government can begin negotiations with the COB to find realistic and possible solutions to the many COB labor demands, of which the main one is the salary increase. The refusal to start a dialogue with countrymen is something we regret. The COB must decide if it wants to choose a path of dialogue or confrontation. The government's path is dialogue, as demanded by its responsibility to Bolivia. [end recording]

According to government officials, it is impossible to think of a salary increase reaching a minimum salary of 576 bolivianos. The discussion of the 8 percent increase was going to be one of the main issues. The explanation of the budget will be made on 31 January and 1 February, only to representatives of the media and private businessmen. The government's 8 percent offer will stand if the COB decides to negotiate with the government.

Brazil

Aid to Mexico Conditional on Approval of U.S. Loan

PY0202113395 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Jan 95 p 1

[Article by Claudia Safatle]

[FBIS Translated Text] Brasilia—The Brazilian Government will help Mexico—by contributing $300 million to the nearly $1 billion credit line it is being assembled with other Latin American countries—only if the U.S. Congress approves a $40 billion aid package. If the U.S. Congress does not approve that aid, the operation that is being prepared by Brazil, Argentina, Chile, and Colombia will not take place.

During this period of reluctance by the U.S. Congress to authorize the U.S. Government to help Mexico, Brazilian Finance Minister Pedro Malan daily speaks from Brasilia with his Latin American colleagues on the terms of the nearly $1 billion operation.

Several aspects of this aid are yet undetermined: The exact amount each country will contribute to form the credit line; the guarantees, which seem to depend on IMF disbursements for Mexico; and the conditions to be applied to the way Mexico can use such credit, which will be available for a year at the International Bank of Settlements (BIS) whose headquarters are in Basle, Switzerland.

The Brazilian Government knows it must help Mexico to overcome the exchange crisis that occurred last December because the consequences are being felt in Brazil.

On 27 January, $1.43 billion of net foreign resources were remitted abroad as a consequence of the permanent negative financial exchange pressure throughout the month. A good portion of that money came from the Brazilian stock exchanges. The exchange balance improved somewhat over the past few days thanks to the export incentive measures through Advanced Exchange Contracts [ACC], which allowed Brazil to close the week with a $214 million surplus. Central Bank purchases of ACC contracts amounted to $3.39 billion while dollar sales to importers amounted to $3.18 billion.

As for financial exchange operations, $2.499 billion worth of purchases and $4.15 billion worth of sales were registered in January, which represents a $1.625 billion of remittances abroad. The effects of these remittances were attenuated by the trade balance result. Nearly $2.62 billion were remitted abroad in December—when the Mexican crisis began—and up to 27 January. This figure, which is not worrisome—and which in a certain manner it helped the monetary policy—cannot be considered as a trend.

Another effect of the Mexican crisis could be felt in the inflow of foreign resources through "notes" [preceding word in English]. Brazilian companies that last year attracted a gross $4.9 billion, now found it difficult to issue papers to rollover the "notes" that matured in January. The "spread" [preceding word given in English] on these papers increased from 3 to 5 percent above the value of U.S. Treasury Bonds with a 3-year maturity term.

The government is, therefore, discussing the loan for Mexico within an unsettled scenario. The political gesture of Latin American countries could induce the U.S. Congress to help its neighbor. The Brazilian Government, however, did not expect a negative reaction.

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The Senate wants the decision to be submitted for its approval and the executive branch believes that, given the characteristic of the aid for Mexico, previous authorization is not necessary.

Presidential Spokesman on U.S. Loan for Mexico

PY0202005295 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 1 Feb 95

[Report by Flavio Figueiredo in Planalto Palace]

[FBIS Translated Text] Presidential spokesman Sergio Amaral today commented on the U.S. Government decision to grant Mexico a $20 billion loan without congressional approval.

Amaral said that the U.S. action is not an act of generosity but is a multilateral help effort, which Brazil has always defended.

As for Cardoso's first month in government, Amaral told reporters that it is premature to judge him on his first month, a time during which congress was not in session.

According to Amaral, President Fernando Henrique Cardoso will now begin to send to congress the government proposals for constitutional reform.

More on Loan

PY0202043395 Sao Paulo AGENCIA ESTADO in Portuguese 2245 GMT 1 Feb 95

[By Itamar Garcez]

[FBIS Translated Text] Brasilia, 1 Feb (AE)—The Brazilian Government considers the loan terms found by the United States to help Mexico as an "evolution." "The replacement of guarantee mechanisms for assistance mechanisms through a stabilization fund has long been defended by Brazil," presidential spokesman Ambassador Sergio Amaral revealed today.

According to the interpretation of President Fernando Henrique Cardoso, Latin American countries will be able to continue receiving international loans without guarantees as is happening now. If Mexico had been helped by the United States "as result of a U.S. operation to help a NAFTA partner," for example, it would have marked a guarantee system. "It would have been a bad precedent for borrower countries."

Amaral explained that Brazil favors the system adopted by the United States, through general loan agreements. These agreements represent help from central banks to countries undergoing temporary exchange and payment difficulties. "The formula found by U.S. President Bill Clinton has a more multilateral outlook," Amaral said approvingly.

As he reasserted the Brazilian president's decision to help Mexico, Amaral explained that the aid will not be granted through the IMF but through the BIS [Bank of International Settlements]—which is the central bank of central banks. "This is not an act of benefaction or generosity. Brazil has two interests in this decision: Latin American stability and the creation of a multilateral assistance mechanism—a thesis we have always defended." The system that was adopted foresees the reciprocal aid of the countries that sign the agreement.

The Brazilian Government has yet not considered whether it is necessary to submit the loan decision to the Senate. "It has nonetheless been decided that nothing will be done without consulting or informing the senators." Amaral asserted that the government is not considering passing a provisional measure to approve the aid—like Bill Clinton did in the United States when he acted without congressional approval.

Chase Manhattan Bank Chairman Thomas Labrecque, who today paid a visit to President Fernando Henrique Cardoso, said that "strategic investors regard Brazil with confidence." According to Amaral, Labrecque confirmed that his bank "is betting on Brazil." Industry and Commerce Minister Dorothea Werneck this morning informed President Cardoso that "there are strong investments on the way for the car industry," but she did not give details.

Senator Sarney Cites 'Precedents' for Loan to Mexico

PY0202044295 Sao Paulo AGENCIA ESTADO in Portuguese 2132 GMT 1 Feb 95

[By Carlos Franco and Ricardo Amaral]

[FBIS Translated Text] Brasilia, 1 Feb (AE)—The new Senate president, Senator Jose Sarney (PDMB-AP) [Brazilian Democratic Movement Party-Amapa], contends that there are precedents for the Brazilian loan to Mexico, and he is not convinced that it should require the Senate's approval. While conferring with Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo], Sarney today noted that during his administration he had granted bailout loans to several countries, Cuba and Nicaragua included, for which he had experienced diplomatic problems with the United States of America.

Despite all the debate the issue has generated in Congress, until late this afternoon the Brazilian Government had not yet decided in which bailout program for Mexico it will participate or how much its contribution will be. In addition to President Fernando Henrique Cardoso, the following officials are directly involved in the proposed bailout loan for Mexico: Finance Minister Pedro Malan and Central Bank President Persio Arida. Both Malan and Arida have declined to make comments to the press either on the rescue procedure or on the amount of the loan.

The planning minister, Senator Jose Serra—who returned to his Senate seat for 48 hours, leaving Andra Calabi as acting planning minister—today again stated that the U.S. loan to Mexico is a factor that has brought calm to the region and to Brazil.

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Serra said that no decision has yet been made as to how much Brazil will contribute to raising the $1 billion loan the Latin American countries are planning to give Mexico. Brazil has negotiated support for this loan by Argentina, Chile, and Colombia, and it is trying to sell the idea of a joint loan to other countries. He made it clear, however, that "Brazil will demand that Mexico provide sound guarantees for it to make the loan." The main collateral Mexico has is its oil deposits.

Serra also advocates an open discussion on the subject, adding that, if legally required, the issue should be submitted to the Senate. He said: "I am willing to discuss the issue."

PT Senator Suplicy today proposed to the new Senate president, Jose Sarney, that the finance and planning ministers and the Central Bank president be summoned to Congress to explain the proposed loan to Mexico to the Senate Economic Affairs Committee. According to Suplicy, Sarney did not commit himself to promoting the interpellation. Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] stated that the government should explain to the people the reasons behind the proposed bailout loan for Mexico. [Sao Paulo AGENCIA ESTADO in Portuguese at 2326 GMT on 1 February in a 200-word report adds that Sarney today supported the Brazilian loan to Mexico. He said: "We are living in a globalized economy and, if we want to promote a policy of integration, it will not hurt us to do that. It is a simple cash problem." Sarney's remarks were disseminated after a meeting he held with President Fernando Henrique Cardoso at Planalto Palace following his election as Senate president.]

Senators Elect Vice Presidents, Other Board Members

PY0102201095 Sao Paulo AGENCIA ESTADO in Portuguese 1536 GMT 1 Feb 95

[FBIS Translated Text] Brasilia, 1 Feb (AE)—Senate President Jose Sarney today announced the outcome of today's election of Senate board members. A total of 78 senators attended and voted. Senator Teotonio Vilela (PSDB-AL) [Brazilian Social Democracy Party-Alagoas] obtained 69 votes and was elected first vice president of the Senate; Senator Julio Campos (with 71 votes) was elected second vice president; Senator Odacir Soares [Liberal Front Party-Roraima] (with 67 votes) was elected first secretary; Senator Renan Calheiros (with 69 votes) was elected second secretary; Senator Leni Dias (with 71 votes) was elected third secretary; and Senator Ernades Amorim (with 71 votes) was elected fourth secretary.

PFL Senator Assumes Senate 'Parallel Power' Post

PY0202062395 Sao Paulo AGENCIA ESTADO in Portuguese 1949 GMT 1 Feb 95

[FBIS Translated Text] Brasilia, 1 Feb (AE)—Elected first secretary of the Senate despite the opposition of part of the PMDB [Brazilian Democratic Movement Party] and PSDB [Brazilian Social Democracy Party] blocs, Senator Odacir Soares (PFL-RO) [Liberal Front Party-Roraima] will be the holder of "parallel power" at the Senate. Soares will head the Senate's most important administrative structure, which in 1994 administered more than 280 million reals. All the 4,710 Senate employees will be under his command, and all executive officials need his approval for opening bids, implementing projects, making purchases, and for reshuffling the Senate funds.

Soares will replace the all powerful Senator Julio Campos (PFL- Mato Grosso do Sul), who was heavily criticized by his colleagues for having authorized a number of "unnecessary" projects during his two-year tenure. Yet, Campos will continue to serve on the Senate board as second vice president. One of the first changes announced by Soares is the creation of an information center to assist the senators is their work; that is, something like the SNI [National Intelligence Service]. He also plans to reequip the Federal Senate Data Processing Center [Prodasen] and to set up a data bank that can be updated constantly.

Soares said: "We need an information center of the highest level." He added: "When we are going to listen to a minister, we need to know about his ideas, whether he is in favor or against capital punishment, about his position on abortion; that is, we need to know his personal record." Already in his second Senate term, Soares promised to put an end to the distortion of functions and to "unnecessary" expenditures. He does not concede that he will be holding a parallel power at the Senate. He said: "It is a combinated work with the Senate Board, in which the Senate internal regulations will have to be observed."

Senators, Deputies, Sworn In 1 Feb

PY0202080795 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 1 Feb 95

[Report by Arlete Milhomen and Beth Veloso in Congress]

[FBIS Translated Text] The 54 senators elected on 3 October were sworn into their congressional posts this morning. The oath was read by Senator Jose Ignacio Ferreira, from the PSDB [Brazilian Social Democracy Party] of Espirito Santo, while Senate First Secretary Julio Campos called in the senators one by one to confirm their commitment. The ceremony ended with the singing of the national anthem. Soon afterward, a Senate session was held to elect the Senate and Congress president. Former president and newly reelected Senator Jose Sarney, from the PMDB [Brazilian Democratic Movement Party], won with 61 votes.

Senator Lauro Campos, from the PT [Workers Party], Federal District, launched his anti candidacy, to protest

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what he called authoritarian internal Senate rules. He obtained seven votes. [passage omitted]

The deputies elected in October were also sworn into their posts today. The ceremony was simple but long: It took nearly two hours for each deputy to swear to obey the Constitution and respect the national laws.

Current Chamber of Deputies President Inocencio de Oliveira gave a welcome speech pointing out the responsibility of the congressmen. According to the election results, 239 deputies—that is, 54 percent of the total—have been elected to their posts for the first time; 242 were reelected, and 32 are former governors or mayors, which adds up to a total 513 deputies.

The election of the Chamber of Deputies board will be held on 2 February. The parties however, have already nominated their representatives. Deputy Luis Eduardo Magalhaes, from the PFL-Bahia, will be president of the lower house. The PPR, PSDB, PTB [Brazilian Labor Party], PP [Popular Party], and PMDB have also obtained posts on the board. These are precisely the parties that support the government. The PT will nonetheless fight for the Chamber of Deputies presidency and third secretariat.

After the board is elected, the Chamber of Deputies will again call a recess, which will last until 15 February.

The new deputies include the following personalities: Fernando Gabeira, ecologist; Jair Meneghelli, union leader; Martha Suplicy, sexologist; Esther Grossi, a Rio Grande do Sul professor who dyes her hair to match her clothes; Celso Russomano, journalist, the deputy who received the most votes; and Vanessa Felippe, 22, the youngest member of congress.

Chile

Petition Submitted To Revise Laguna del Desierto Ruling

PY0102171495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 1 Feb 95

[FBIS Translated Text] Chile today petitioned the Arbitration Tribunal to revise and interpret the decision giving Argentina sovereignty over the Laguna del Desierto area. The petitions were presented at the tribunal secretary's offices in Rio de Janeiro.

Chile contested the arbitration decision through a revision petition. Now we must wait, because the process requires some time. The tribunal's president will now have to summon the other four members, and then make a decision. The court will probably send copies of the petitions to our Argentine counterparts to give that country a chance to refute the Chilean arguments. But what are these arguments, and on what basis does the Chilean Government hope to revert the arbitration decision?

Foreign Minister Jose Miguel Insulza said Chile disagrees with the entire decision. There were errors of fact, legal errors, and interpretational errors. Insulza added that because Chile accepted the obligation to respect the arbitration decision it cannot challenge juridical aspects. That is why the Chilean petition refers to errors of fact, such as the decision to establish the border considering, for instance, geographical marks that no longer exist.

[Begin Insulza recording] There are changes in some areas. They are due to natural events, such as the movement of ice. We want to prove that the ruling—saying that the border was plotted in 1902, and that the tribunal is only recognizing it—is not in accordance with the real geographical information on the area we now have, and that the alleged 1902 border was quite different from today's borders.

We also want to remind the tribunal, or point out to them, that this error of fact cannot be corrected because it is based on a number of errors in the interpretation of facts and laws. [end recording]

The tribunal will decide if the two parties will be able to present arguments supporting a revision of the ruling in Chile's case or to maintain the current terms in Argentina's case.

Frei Promulgates New Narcotics, Money Laundering Law

PY0102125095 Madrid EFE in Spanish 2051 GMT 30 Jan 95

[FBIS Translated Text] Santiago, 30 Jan (EFE)—Chilean President Eduardo Frei today called on the entire country to support the fight against drugs. Frei promulgated the new law penalizing the illegal trade in narcotics and money "laundering" or "whitewashing."

The law is an answer to the needs and dynamics of operations concerning the illegal trade in and consumption of drugs and narcotics. The law also defines the crime of money "laundering," which had not existed in Chilean legislation before.

In the case of money laundering, the law establishes a pre-trial and administrative inquiry by an autonomous and specialized organ, such as the State Defense Council. The law gives this entity powers of decision that will permit it to act in time and with the adequate means to investigate and prove this very complex crime.

A judge investigating reports of money "laundering" or "whitewashing" will now be empowered to freeze any type of deposit in banks or financial institutions; forbid transactions with shares, bonds, or promissory notes; and ban certain acts and contracts and their registration.

The ceremony putting the new law into effect was staged at the La Moneda presidential palace before state ministers, legislators, judicial branch authorities, and special guests.

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Frei warned that no law, "no matter how complete or technically advanced, is sufficient for coping with the problem without real, concrete, and massive support."

Drug consumption in the poorest neighborhoods, the president added, is "closely intertwined" with misery and marginalization, creating a "critical" circle that pushes individuals into "a life of crime."

Frei said: "The spread of this evil trade can be very destructive to our social order."

The president announced that the government will soon release a door-to-door survey on drug consumption involving people between 12 to 64 years of age in the 13 regions of the country.

The president said: This study "is essential for evaluating and orienting preventive actions" carried out by the state as well as by diverse social organizations.

The Chilean president reiterated his request for support, emphasizing that "between the government, public powers, political parties, and society we can defeat this scourge of the 20th century."

Colombia

Envoy Reacts to Narcotrafficking Statements by U.S. Ambassador

PA0102161795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Feb 95

[Telephone interview with Carlos Lleras de la Fuente, Colombian ambassador to the United States, in New York by Dario Arizmendi in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] We have established contact in New York City with Mr. Carlos Lleras de la Fuente, Colombian ambassador to the United States. The media have been insistently referring to an alleged controversy between Mr. Myles Frechette, the U.S. ambassador to Colombia, and Carlos Lleras de la Fuente, our diplomatic representative to the White House.

Mr. Lleras de la Fuente, good morning. What are these differences, and what are the issues separating the two of you?

[Lleras] Good morning. How are you?

[Arizmendi] Very well, thank you. Very kind of you to ask.

[Lleras] There is nothing personal in this matter. The problem lies with certain statements made by U.S. Ambassador Frechette during a speech in New York City on 27 January; those statements were not too well received in Colombia. Yesterday, during a speech on the political and economic situation in Colombia I gave in the same place in New York, I was asked my opinion on points covered by Mr. Frechette. I simply answered in my usual direct manner.

[Arizmendi] You have always been a very no-holds-barred type of person, right? Did you say Ambassador Frechette may have been meddling in Colombia's internal affairs?

[Lleras] I did point it out as far as that part of his address where he mentioned relations between Colombia and Cuba is concerned. I do not believe that is an issue he is entitled to discuss as ambassador to Colombia. It is an issue exclusively pertaining to Colombia's sovereignty, and the government already decided on this issue when former President Gaviria went ahead and reestablished relations with Cuba. I do not believe he is entitled to question some of Gaviria's policies, which have been continued by President Samper. In addition, this policy is the same one being followed by most of the countries throughout the continent regarding their position on lifting the embargo against Cuba and on this country being reincorporated into the inter-American system.

[Unidentified reporter] Mr. Ambassador, your U.S. counterpart says it is somewhat difficult for the U.S. Government to approve of Colombia's antidrug trafficking efforts. What is Colombia's position on this issue?

[Lleras] Our reaction at the time was, or I should say is, one of surprise, because the Samper administration has been carrying out an assessment of the situation [words indistinct] of the public force and has taken steps to reestablish anticorruption legislation in order to [word indistinct] the narco-project. In addition, the Samper administration has also been promoting an Inter-American conference on money laundering ever since congress passed legislation penalizing money laundering last year.

We have also taken steps to reevaluate the shortcomings in the penal system; that is, all the issues the justice minister discussed in Washington last week during the visits we carried out to the various state agencies. Therefore, it is quite difficult to hide our surprise whenever there are statements about possible sanctions against Colombia due to the country's lack of commitment to the struggle against drug trafficking, especially when the program we have proposed has been described as one of the most comprehensive ones we have presented in the last few years. This point is especially so when talks of sanctions concern efforts by the Gaviria administration in 1994 during its last eight months in office and the first four months of the Samper administration, when it was hardly able to continue with the same policy.

[Arizmendi] Mr. Ambassador, if the U.S. Government decides before Congress not to affirm our country's efforts in the antidrug trafficking struggle, what would such a decision entail for Colombia?

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[Lleras] The U.S. Congress could decide to [words indistinct]. If the U.S. Government decides not to affirm Colombia's efforts, it could lead to Congress suspending foreign aid, and the United States could take reprisals by vetoing credits from multinational organizations such as the World Bank or the IDB [Inter-American Development Bank].

[Arizmendi] Would this action be something comparable to a type of blockade by the United States against our country or maybe an abrupt break in the historical relations between the two nations?

[Lleras] First, it would be an extremely clumsy decision, primarily because Colombia is the United States' staunchest ally in the antidrug trafficking struggle. It would be a major clumsiness should that relationship end, because the only ones who would benefit would be the drug cartels.

[Arizmendi] May one deduce from Ambassador Frechette's speech to 250 representatives of corporate banks and worldwide branches during the Americas Council in New York that he considered or that he and his embassy consider that President Ernesto Samper's administration is doing less than what he should on this front?

[Lleras] Let us see. First, the meeting was not that important. There were no more than 40 people, some investors, companies with interests in Colombia, and so on, for breakfast on Friday; therefore, this forum did not have the importance or the seriousness and bears no importance whatsoever in the United States.

Nothing about this forum has any repercussion anywhere, and nothing is published about it. What is serious for Colombia is what the ambassador mentions as a possibility. It worries us, however, that he mentions this point as a possibility. [Words indistinct] based on the talks he himself held last week with various U.S. agencies. I know about this matter because I was told.

This point worries us much, because we spent time with the justice minister all last week explaining the government's policy, handing over the corresponding documents, and explaining very clearly about the problem, to such an extent that we were fully convinced the topic was completely clarified; therefore, a reaction of this type has taken us much by surprise. As I said, it basically refers to drug trafficking during 1994, when the very same document we supplied indicates how all the activities involving drug destruction, seizures, laboratory seizures increased in an absolutely impressive way between 1993 and 1994.

[Arizmendi] Yes, Mr. Ambassador, Frechette's apparent disappointment refers to the inactivity or the president's little effectiveness regarding the Cali Cartel.

[Lleras] Concerning the cartel, it is because the main leaders are not in jail. This issue is something that has received much coverage by the Colombian press itself, and it concerns the surrender policies that have resulted in low penalties. The fact this issue is discussed in the United States should not surprise us, because these are topics the Colombian press deals with on a daily basis, and they are right.

The penal system, at no fault of the administration because the problem dates back a long time, has opened the door, unfortunately, for sentences to be negotiated and is something the government is trying to handle through a commission President Samper has appointed. This commission must produce a dictum in order to be able to regulate how these surrender negotiations take place, either through a law or by a decree.

[Arizmendi] Are other actions planned by you as Colombian ambassador to the United States Government or directly by the Colombian Government with Ambassador Frechette to try to change this preliminary perception by the ambassador regarding the struggle against drug trafficking?

[Lleras] It does not worry me if this is the ambassador's perception. What worries me is whether it is a U.S. Government perception. Next week, I will visit some of the agencies I visited last week to see where the problem lies. As I said, aside from the fact that all members of the Cali Cartel are not in jail, a problem which concerns the police, all other indicators are excellent. Colombia is the world's greatest drug eradicator and is where the most drug seizures take place. Regarding the rest, the defense minister has already explained, and he referred to this issue during his trip to Washington a month ago, how the Search Blocs have been restructured, how the top police chiefs have been appointed so this restructuring may have the desired effect of making the persecution of great criminals technical.

[Arizmendi] Many thanks, Dr. Carlos Lleras de la Fuente, ambassador of Colombia to the U.S. Government, for this analysis on the remarks made by U.S. Ambassador Myles Frechette on Colombia's struggle against narcotrafficking. Mr. Lleras de la Fuente categorically stated that although these comments have no consequences, they do worry him, because he does not want—and this point is what he will work on—Mr. Frechette's opinion to become the opinion of the U.S. Government.

Rodriguez Orejuela Protests EL TIEMPO Report

95P20446 Santa Fe de Bogota EL TIEMPO in Spanish 21 Jan 95 p 4A

[Letter by Miguel Rodriguez Orejuela to the editor of EL TIEMPO]

[FBIS Translated Text] Once again, as on other occasions, I must write to ask you to correct a report published by your prestigious newpaper on 17 January on pages 1 and 6A which in the headline reads: "Be very careful, because they are following you.." "Outline of the Montes-Aguilar-Miky contact."

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There is nothing more false and biased than the manner in which this information was handled. I assume the intent must have been the personal interest of the shift reporter, for reasons I do not know, in implicating me by whatever means—even including a photograph which is not of me—in the scandal created by the conversations between Ms. Montes-Aguilar and Mr. Miky Ramirez. What are you attempting to do by stating between the lines that Ms. Montes heard a recording between Mr. Miky Ramirez and myself in which a plan was supposedly being devised to assassinate a police official, then to state elsewhere: "According to Montes, in the conversation the threat was not clear and for this reason it would not have been easy to present a criminal accusation."

I find it hard to believe that you have done this for the sole purpose of publishing a photo with my name in the caption and at the same time to imply authorship of a crime. My conduct has been and will continue to be that of respect towards others. For this and many other reasons, it is not true whatsoever that at any moment of my life I have even thought of making an attempt on anyone's life much less that of a member of the Armed Forces.

Ecuador

Duran-Ballen Gives Speech Before Departing for Venezuela

PA0102172495 Quito Voz de los Andes in Spanish 1633 GMT 1 Feb 95

[Speech by President Sixto Duran-Ballen outside the Presidential Palace in Quito—live]

[FBIS Translated Text] Youths: How satisfying it is for the president of the Republic to have to come down several times a day to be alongside you young people to share the responsibility of taking forward the reins of the state and at the same time receiving from you the enthusiasm and courage enabling us to continue onward with the task we have imposed on ourselves.

Each in his own task, we are going to continue working. I believe all of America already knows about the support the students have given their government; therefore, I believe we should all devote ourselves to our respective work beginning tomorrow. Youths should prepare to be, perhaps, tomorrow's leaders. The worker should produce more. The employee, the banker, and all those who participate in the country's development process in one way or another should contribute their utmost so the country can return to normal.

Thank you, youths, thank you fellow citizens for being with us again. I will leave shortly for the Cumana summit, where we will be with the other Bolivarian presidents to pay homage to the 200th anniversary of our foremost hero, the marshal of Ayacucho, whose sacred remains are here in our cathedral. We will be going to his homeland to once again give a demonstration of Latin American unity, because we understand the presidents of the other Bolivarian countries are going to demonstrate their solidarity with our people and fatherland.

Thank you, fellow citizens. See you when I return.

Duran-Ballen: Rio Protocol Must Be Reviewed

PA0202173795 Caracas Venezolana de Television Network in Spanish 1550 GMT 2 Feb 95

[Report by Zaida Pereira from "The News" newscast; broadcast in progress—live]

[FBIS Translated Text] ...said his country has never attacked but will have to defend itself if Peru continues with the hostilities. In the same news conference, Ecuadoran President Duran-Ballen said the confrontation between Ecuador and Peru will mean a setback, especially economically, to both nations, which are in a bad situation. He also said the Rio Protocol must be reviewed, because the delimitation of the areas has been quite difficult, because the conditions for the delimitation were unknown when it was signed.

Regarding the absence of President Alberto Fujimori at this summit, he said this absence will be a demonstration of who is right in this situation. He also said the UN foreign ministers would be convened if no agreement is reached, adding they are awaiting his order. [sentence as heard]

On the meeting being held in Rio de Janeiro, the Ecuadoran president said he will have to leave for his country tonight to deal with the situation with Peru if there is no immediate cease-fire.

Envoy to OAS on Peruvian Stand on Cease-Fire

PA0102150395 Quito Voz de los Andes in Spanish 1200 GMT 1 Feb 95

[Telephone interview with Blasco Penaherrera Padilla, Ecuadoran ambassador to the OAS, in Washington, by Marco Antonio Bravo, in Quito; from "The Voz Andes Newscast"—live]

[FBIS Translated Text] [Bravo] Good morning. This is Marco Antonio Bravo, how are you?

[Penaherrera] Fine, thank you.

[Bravo] What is known at this time about the Peruvian position on the immediate and unconditional cease-fire proposed by Ecuador?

[Penaherrera] The information I have at this time is that President Fujimori has not issued such an order. The objective is, apparently, to maintain an image of not submitting to the Ecuadoran position or proposal. It means, however, (?beginning today) Peru is not respecting a decision by the OAS Permanent Council and is not heeding a call by all the chiefs of state of America, not only of America but of many regions of the world and friendly nations of the world; therefore, I

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believe this position is a very uncomfortable and unpleasant one for the Peruvian Government. It means for Ecuador, however, an affirmation of its attitude, which has always been respectful of international law, and the obligations Ecuador has as a member of the international community.

[Bravo] What does the agreed upon but not decided cease-fire [convenido pero no acordado] mean?

[Penaherrera] This is more an issue of formalities to the extent that it does not bring about new aggressions and new border mobilizations. It does not have further significance than that, as long as it does not mean a treacherous and perverse strategy to gain military ground.

[Bravo] Evaluations have begun to be made in recent days regarding the significance of the border conflict between Ecuador and Peru and one of the important points, if something positive might result from this conflict, is that Ecuador has accomplished much at the international and diplomatic levels. You have been responsible for one of those achievements when it was proposed at the OAS that a summit of deputy foreign ministers or foreign ministers be held in the future. Do you believe the international community has understood Ecuador's position that it is not the aggressor but the victim?

[Penaherrera] Thank you very much for your very kind analysis. I did not do anything other than what was the duty of one who has the honor of representing President Duran-Ballen and our fatherland in such a critical situation as this one. I believe what you have said is true. This situation has permitted the international community, which is concerned about so many issues, to turn its attention again toward the nature and background of such an old conflict and to the objective fact that there are two protagonists: an aggressor country that has seized a large amount of territory and a country that has been attacked and whose rights have been curtailed.

Now then, Bravo, you know well that there are similar situations in other parts of the world and that international law is essentially based on the imposition of the one that has the power; in other words, that is how conflicts take place and how they are resolved. I believe in this regard this is an opportunity to reflect on our future. We must look to the future and close chapters of ignominy in our history. We must be aware the internationally community morally supports us, but, above all, we must depend on ourselves.

[Bravo] The Rio Protocol meeting this morning is significant for our country, because we will have the possibility there of expressing our decision to have a sovereign [word indistinct] outlet to the Amazon. President Duran-Ballen and the entire country are aware that we must come out well from this current situation but that we must also think about the future and resolve this issue once and for all.

[Penaherrera] That is right. Our position will undoubtedly be reiterated, but, viewing this matter objectively, I do not believe this issue will be resolved today. The general presentation might be made today, but such a proposal is for a different forum; that is, for a meeting of foreign ministers or who knows. Perhaps President Duran-Ballen might use the special opportunity provided by the Cumana Summit. I am pleased by the news he is going to attend the summit. It is logical that he attend it. That summit with the brothers of the Bolivarian countries, the heirs of Sucre's glory, will be the most appropriate venue for making in-depth proposals to solve our problem.

[Bravo] In conclusion, what diplomatic mechanisms will continue being proposed at the OAS to reach a final and, above all, peaceful solution?

[Penaherrera] There will be a meeting of the OAS Permanent Council today. We hope that session will be attended by the OAS secretary general. It is believed he was returning (?from Quito) either last night or this morning. He will present a report of the valuable efforts he has undertaken so far. That will also be the occasion for the council to be informed of what is taking place.

[Bravo] Thank you for your work, and may God bless you. What is your final message to the entire country and the world listening to Voz de los Andes?

[Penaherrera] I again thank you for your words. I hope things will turn out as we want. I want to reiterate my modest, affectionate, and fervent appeal to my fellow countrymen to maintain, as they have done, their calm and objectivity, and to set aside the very small domestic disagreements and remain united around the Ecuadoran position of reaching a final solution to the conflict.

Congress President on Economic Bills, Cease-Fire

PA0102192295 Quito Voz de los Andes in Spanish 1715 GMT 1 Feb 95

[Report by Marco Antonio Bravo]

[FBIS Translated Text] We have some statements by Congress President Heinz Moeller, who in a dialogue with national and foreign reporters has referred to several topics, including the resumption of work in Congress to study the urgent economic bills the president will be sending to Congress this afternoon:

[Begin recording] [Moeller] [Words indistinct] Congress during a closed-door session to receive the defense and foreign ministers. There is an agreement by the legislative bloc leaders to [words indistinct] and tomorrow to try to approve the emergency economic laws the executive branch needs to pay the expenses of [words indistinct].

[Unidentified reporter] [Words indistinct] urgently work in the bills the government [words indistinct]?

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[Moeller] Congress is firmly united in the front of solidarity the Ecuadoran fatherland has built around the president of the Republic and its Armed Forces. Our objective is to fulfill our obligation to the extent of our possibilities. We are encouraged by the great demonstrations of patriotism that are seen daily in the country's streets and squares. They demonstrate the Ecuadoran people's historic greatness, tradition, and struggle. Let us hope Fujimori will understand the message the Ecuadoran people are sending him.

[Reporter] [Words indistinct]

[Moeller] We are going to close it this evening after listening to the defense and foreign ministers during a closed-door session, and we will then reinstall it tomorrow to discuss the emergency economic bills on [word indistinct] of the Armed Forces.

[Reporter] The deputy foreign ministers in Rio de Janeiro have made a decision regarding the cease-fire [words indistinct]. What do you think about that decision?

[Moeller] There is no firm decision as of yet. There is an expression of willingness by both countries regarding a cease-fire at the request of the guarantor countries. Unfortunately, the contradictory opinions in Peru, such as those by the Peruvian president and his foreign minister, who speaks of a suspension of hostilities, demand that the agreement that will be reached in the next few hours at Itamaraty in Rio de Janeiro be sufficiently clear and precise: a cease-fire that is not conditioned to anything but the normal procedures in these cases.

The presence of observers must guarantee that the military forces will be sufficiently separated so no armed action will be possible in the next few hours or days. This will pave the way for a constructive dialogue that will have to lead to a definitive solution to our territorial, not border, dispute, our territorial dispute with Peru. A sine qua non condition of the agreement that must be reached in the medium term is the recognition of Ecuador's presence in [words indistinct].

[Reporter] [Words indistinct]

[Moeller] I believe the president's trip to Venezuela is advisable under the current circumstances. He will obviously remain alert to what happens on the border, and we trust the international public opinion, which already views Peru as the aggressor and Ecuador as a country defending itself with firmness and dignity, will lead Fujimori to end this irresponsible adventure, which is costing so much blood to his people. We also regret the Peruvian deaths, but we regret Ecuadoran deaths even more. Let us hope Fujimori will think likewise. Let us hope a little of his campaign speeches about integration and love for [words indistinct] will sink into his mind.

[Reporter] [Words indistinct]

[Moeller] The Ecuadoran position remains unchanged. If the cease-fire is well understood, it cannot but mean that Ecuador maintains the positions it sovereignly held before the beginning of the armed actions. There is no other way to understand it.

[Reporter] Will we withdraw 8 km as Ponce proposes?

[Moeller] In no way, no way; that is unacceptable. [end recording]

Police General Command Summons Reserve Forces

PA0102170295 Quito Voz de los Andes in Spanish 1605 GMT 1 Feb 95

[FBIS Translated Text] Ecuador's Police General Command has reported it has urgently summoned its reserve forces in response to the government's declaration of the state of emergency as a result of border problems with Peru.

In a communique, the institution reports General Miguel Rosero Barba, National Police commander, has ordered the immediate quartering of the personnel, reserve officers and troops, in service from 1987-1994. The communique adds the personnel must urgently go to provincial police headquarters closest to their residence in order to update their personal data.

This measure has been adopted to obey the decree issued by President Sixto Duran-Ballen declaring the state of national emergency due to the border aggression by the neighbor to the south, the communique states.

President Duran-Ballen declared the state of national emergency and mobilization last week due to clashes between Ecuadoran and Peruvian troops.

Aircraft Said To Chase Away Peruvian Helicopters

PA0102193895 Quito Voz de los Andes in Spanish 1700 GMT 1 Feb 95

[FBIS Translated Text] Quito—During the past few hours, aircraft of the Ecuadoran Air Force [FAE] have chased away armed Peruvian helicopters overflying the Ecuadoran side of the border according to local radio reports.

Lt. Colonel (Jose Marchand), commander of the 21st Condor Brigade, has told a local radio station that overflights by Peruvian aircraft flew over Ecuadoran territory in an act of intimidation that could lead to an armed reaction by Ecuador. The military official added no clashes have been reported in the conflict zone during the past 24 hours but accused Peru of provoking the Ecuadoran army.

Ecuador decided to implement a cease-fire on 30 January and stated it will only defend itself if it is attacked but will respond to any menacing act.

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Communique: Peru Resumes Attacks Against Detachments

PA0102200895 Quito Voz de los Andes in Spanish 1930 GMT 1 Feb 95

[Communique issued by the Ecuadoran Armed Forces Joint Command; date and place not given—read by reporter Leyla Carriel]

[FBIS Translated Text] The Peruvian Armed Forces resumed their land and air attacks on Ecuadoran detachments today, Wednesday, 1 February, at 1000 [1500 GMT], specifically against Coangos. They are also attacking the Condor-Mirador Detachment, which had not been attacked until today, thus increasing the area of their offensive operations. The operations are supported by helicopter gunships that have been joined by Peruvian Air Force combat airplanes. Nevertheless, the Ecuadoran Army is successfully maintaining its detachments and positions, because we have not taken one single step backward.

We invoke the Ecuadoran people's purest and most courageous patriotism to remain united and to give their generous support to the Armed Forces, which are defending the country's territorial integrity and the nation's honor with their lives.

Armed Forces Joint Command.

Defense Minister: Clashes Ongoing Throughout Day

PA0202051095 Quito Voz de los Andes in Spanish 0152 GMT 2 Feb 95

[FBIS Translated Text] Ecuadoran Defense Minister General Jose Gallardo confirmed tonight that clashes between Ecuadoran and Peruvian troops have been continuing throughout Wednesday.

Gen. Gallardo added that the Peruvian Armed Forces bombed two Ecuadoran detachments along the common Amazonian border, but Ecuadoran airplanes supported a troop landing. The troops are maintaining their positions and repelling the attack. Gallardo said the Ecuadoran Armed Forces will remain firm in their positions.

Ministry Reports Massive Concentration of Peruvian Forces

PA0202145595 Mexico City NOTIMEX in Spanish 1318 GMT 2 Feb 95

[FBIS Translated Excerpt] Quito, 2 Feb (NOTIMEX)—The Ecuadoran Foreign Ministry has reported a massive concentration of Peruvian Armed Forces in regions near the border between the two nations in conflict and has considered the concentration a threat.

The Foreign Ministry has stated the Peruvian troops are concentrating in Tumbes Department while the Peruvian Navy is concentrating on Peru's northern coast, near the joint border, an action which, it has stated, constitutes "an evident threat and coercion against Ecuador."

The Foreign Ministry has warned of Peru's military movements at a time when the [words indistinct] attacks of Peruvian troops to its watch posts in the border area, which has not been delimited in the [word indistinct].

Those detachments [words indistinct] Ecuadorean of Coangos and Condor Mirador expand the offensive operations according to the Foreign Ministry.

It also described the alleged Peruvian offensive as "an irresponsible action that counters any thought of pacification, as Peru affirms." It added it ignores the appeal for the immediate halt of hostilities formulated by the OAS Permanent Council on 30 January with that action.

At the same time, the Peruvian Embassy in Mexico has denied "most emphatically" the Peruvian Army has "staged military attacks."

Troops of the two countries have been confronting each other since 26 January.

Meanwhile, Ecuadoran Congress President Heinz Moeller has described the situation as "critical" and has reiterated the legislature's support for the Ecuadoran Armed Forces and President Sixto Duran-Ballen's leadership in the conflict.

The local station Radio (?Quito) has reported Ecuador sustained two casualties and Peru the same number in fighting yesterday.

A communique issued yesterday [words indistinct] Peruvians staged the massive attack on [words indistinct] in the area of the conflict.

The Peruvian offensive [words indistinct] Condor last week.

The report explained that Peruvian patrols tried yesterday to infiltrate through the area of Machinaza, [words indistinct] came upon a mine field, resulting in casualties for Peruvian troops.

The communique stated the reports reaching the Ecuadoran command so far do not inform of casualties [words indistinct] Ecuadoran Army remain unchanged.

The Ecuadoran military high command has also reported new Peruvian air and ground attacks on its border watch posts in the Condor mountain range.

A communique of the Ecuadoran Armed Forces Joint Command has revealed that Peru has expanded its offensive military operations to watch posts such as that of Coangos, which had not been in the theater of operations to date.

The report has stated the Peruvian operations are taking place just as the deputy foreign ministers of the two countries and of the guarantors of the Rio de Janeiro

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protocol are holding talks in that Brazilian city to find a solution to the conflict. [passage omitted]

Armed Forces Announce Procedures for Requisitions

PA0102180195 Quito Voz de los Andes in Spanish 1638 GMT 1 Feb 95

[FBIS Translated Text] The Armed Forces Joint Chiefs of Staff has issued Press Bulletin Number 11. It reads as follows:

The Joint Chiefs of Staff informs the people of the procedures Armed Forces personnel will use to requisition, I repeat, to requisition private assets and services by following these guidelines:

1. All requisitions are subject to Article 59 and subsequent articles of the National Security Law.

2. The requisition order will be carried out only by presenting a military form containing a numbered format signed by the military authorities of the corresponding jurisdiction. The commanders of the operation units or the representatives of the military fronts operating in the country's provinces are authorized to sign these orders.

3. The owner of the requisitioned properties or goods must demand a copy of that order signed by military authorities.

4. The Armed Forces Joint Chiefs of Staff asks the people to report any violation of the National Security Law to military authorities.

This is the official press bulletin issued by the Joint Chiefs of Staff. The substance of this bulletin lies in the fact that requisitions will be conducted within the next few days, as stipulated in Article 59 of the National Security Law.

Secretary Denies Ecuadoran Soldiers Taken Prisoner

PA0102173395 Quito Voz de los Andes in Spanish 1607 GMT 1 Feb 95

[Report by Marco Antonio Bravo from the Presidential Palace in Quito—live]

[FBIS Translated Text] Communications Secretary Enrique Proano issued a public statement approximately one minute ago to deny certain reports by the press and especially by Peruvian military sectors that have stated they had taken 25 Ecuadoran soldiers prisoner. This statement has been officially denied. The Armed Forces Joint Command issued the following statement through Proano. Let us listen to Ecuadoran Communications Secretary Proano:

[Begin Proano recording] I have received a request from the Joint Command to deny a report from our southern neighbor stating that 25 Ecuadoran soldiers have been taken prisoner by the Peruvian forces. This report is absolutely false according to the information by the Ecuadoran Armed Forces Joint Command. This is a report that has been leaked in an attempt to demoralize our Armed Forces, which remain firm in defense of the national territory.

I must also state that the Peruvian disinformation apparatus, which had remained silent for approximately 24 or 30 hours, is again being placed into full swing to misinform Ecuadoreans and Latin America; therefore, I want to repeat the information. It is absolutely false that 25 Ecuadoran soldiers have been taken prisoner along the border line. The Ecuadoreans are firmly maintaining their positions according to the information by the Armed Forces Joint Command. Thank you very much. [end recording]

Foreign Ministry on Peru's 'Absurd' Espionage Charges

PA0202045695 Quito Voz de los Andes in Spanish 0132 GMT 2 Feb 95

[FBIS Translated Text] We have received the following note from the Presidency's Press Room.

The Ecuadoran Foreign Ministry disclosed that Peruvian authorities have imprisoned several Ecuadoran citizens from the town of Tumbes on the absurd charges of espionage. The Ecuadoran detainees are: (Cristobal Fajardo Pulgarin); Cesar Gonzalez Gaman; (Eliecer Arango Fumos); Carlos Guillermo Ortiz Mendoza; and Gabriela Vasquez Quesada, 14 years of age. The Foreign Ministry demands that the Peruvian Government immediately release the Ecuadoran prisoners and holds it responsible for their physical and psychological welfare.

The Foreign Ministry said it is making the necessary efforts, through the Ecuadoran Embassy in Lima, to obtain the release of the detained Ecuadoreans.

The Foreign Ministry also disclosed that it has asked the International Red Cross for its valuable and timely cooperation to resolve the situation of those people who have been displaced from their homes in the border areas of southern and eastern Ecuador in the wake of the Peru-Ecuador conflict. The foreign minister has learned, from information provided by the Ecuadoran Red Cross, that there are some 300 displaced people in the region of Mendez, and another 2,500 mainly in the towns of Macara, Zapotillo, Celica and Catacocha. The Foreign Ministry has also talked to (Gerald Punchant), a high-level official of the International Committee of the Red Cross for Brazil, Ecuador, and Venezuela. This high-level official was asked for the greatest possible cooperation within the reach of the international organization on behalf of our fellow nationals. The foreign minister has also contacted other international organizations such as the UNHCR and has requested their important cooperation in the current state of emergency being faced by Ecuador.

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Paraguay

President Repeats Mediation Offer, Calls Conflict 'Lamentable'

PY0202064095 Asuncion ULTIMA HORA in Spanish 31 Jan 95 p 16

[FBIS Translated Text] President Juan Carlos Wasmosy has termed as "lamentable" the armed conflict between Ecuador and Peru, and this morning he ratified his offer to mediate in the conflict in order to pacify the bellicose situation experienced by the two countries.

"Whatever occurs within the continent affects all of us equally. In addition, I consider it an obligation, as a friend and as president of a brother country, to do so," the chief of state said on his arrival at our main airport from the city of Davos, Switzerland.

During a news conference this morning on his arrival in the country, Wasmosy recalled that when he learned about the outbreak of the conflict he spoke over the telephone with Ecuadoran President Sixto Duran-Ballen and Peruvian President Alberto Fujimori and made his mediation offer.

"We have given and offered everything that we possibly can for the sake of seeking peace because any problem that affects countries of other continents has repercussions in our continent, therefore the effect is much more serious when it affects countries with which we maintain bilateral relations and which are countries of our continent," he added. Thus, he outlined the situation regarding the armed confrontation between Ecuadoran and Peruvian military forces due to an old border conflict.

He emphasized the need to avoid these types of incidents because "they are incidents that make us Latin Americans lose credibility with European investors, and we became aware of this in this recent economic forum."

Wasmosy asserted that he and Argentine President Carlos Menem had demanded a cease-fire and had tried to make them see that armed action is not the way to overcome quarrels.

Relations between Paraguay and Peru have been notably strengthened since Wasmosy became president, and the same has occurred with Ecuador. Wasmosy visited the two countries a year ago, and he visited Lima again in August 1994. Duran-Ballen returned the visit with a three-day stay in Asuncion. According to Wasmosy, this is what prompted him to offer his good offices to seek a nonviolent solution to the border conflict.

"I believe that it is the obligation of a friend, of the president of a brother country, to call immediately when something happens with a neighbor, and that is what I did," he concluded

Arrested Fundamentalists To Remain Incommunicado 6 Days

PY0202001795 Asuncion ULTIMA HORA in Spanish 31 Jan 95 pp 80, 81

[FBIS Translated Excerpt] Five persons presumably involved with terrorist groups of Islamic origin were captured in a joint operation carried out in the neighborhood of Trinidad [Asuncion]. The captured persons were living in a luxurious house that did not have any furniture. They had cellular telephones and a swimming pool, but they slept on the floor. Two other persons were arrested last night. [passage omitted]

Judge Carlos Monges has ordered that the five arrested persons, who are being questioned in the Intelligence Department [of the National Police], remain incommunicado for six days.

The magistrate indicated that he had made this decision so that the arrested persons could be questioned about their recent activities, taking into account that they entered the country illegally. [passage omitted]

Everything that has been confiscated from the house where the Lebanese and Brazilians were residing will be sent to the court that will be in charge of questioning the arrested persons. [passage omitted]

Police Arrest Two Lebanese Drug Dealers

PY0102172595 Asuncion ABC COLOR in Spanish 1 Feb 95 p 32

[All names as published]

[FBIS Translated Text] Police sources have said that Ali Merhi, a Muslim fundamentalist, has been identified as the leader of a group of drug traffickers allegedly operating at the border between Ciudad del Este and Foz do Iguacu. The group reportedly ships cocaine from Paraguay to European countries such as Italy, Belgium, and Spain.

Merhi entered our country in clandestine fashion a few days ago. He had plans to meet with his accomplices in the mansion located in the neighborhood of Virgen del Rosario. The police raided the house on 30 January.

The police presume that Ali Merhi was the person in charge of carrying an important cocaine cargo, which would have been parcelled out in the mansion in Virgen del Rosario for shipment in small and medium-sized packages to the European markets mentioned above.

This theory is supported by the finding of tickets to Spain and Belgium in the name of Valdirene Vieira Ferguglia, a Brazilian woman who was arrested with the group, and who was possibly contracted to act as the group's "mule," the sources added.

The police also found a small scale, which is very useful for the exact weighing of drugs during the division process, and 20 grams of cocaine in the mansion. These

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are other indications that the building was being used as a hideout for drug traffickers.

The police think that the group is a fanatic pro-Arab "non-active cell" of people who are against the Middle East peace process between Palestine and Israel.

"These are people recently recruited at mosques, that is, fanatic Muslims who are involved in the cocaine and even heroin trade," Superintendent Enrique Martinetti said during a news conference yesterday.

More Individuals Arrested

The police yesterday arrested two other individuals. They were identified as Sergio Rodrigo Salem, a Brazilian of Lebanese descent, and Farid Abdul Karin Shekair, a Lebanese national.

The other arrested individuals are Johnny Moraes Yalaaki, Mohamed Alayan, Roberto Riveiro Ruiz, Luis Alberto Naded, and Valdirene Vieira Ferguglia. According to the police, these individuals are probably moving under false identities, because their passports are not authentic.

Peru

President Fujimori 'Has Suspended' Trip to Cumana

PY0202140495 Buenos Aires TELAM in Spanish 1309 GMT 2 Feb 95

[FBIS Translated Text] Lima, 2 Feb (TELAM-SNI)—Peruvian President Alberto Fujimori has suspended his trip to Venezuela where he was to have participated in the Cumana presidential summit.

This was learned here just before 0900 [1200 GMT], shortly before the Peruvian president was scheduled to leave for Venezuela.

Fujimori would have been in Cumana at the same time as Ecuadoran President Sixto Duran-Ballen. An armed conflict between the two countries broke out on 26 January.

Fujimori Calls For Respect for Rio Protocol, Country

PY0202042795 Lima Radio Programas del Peru Network in Spanish 0254 GMT 2 Feb 95

[Address to the nation by President Alberto Fujimori transmitted on national television and radio hook-up, apparently from his office in Lima—live or recorded]

[FBIS Translated Text] Dear fellow countrymen, during the nearly five years of my administration, I have always tried to find solutions to the problems that affect the Peruvian people. You know many examples of this. Thus, in this manner, today I will suggest to you concrete objectives and goals.

What is it that we Peruvians and Ecuadoreans want? Do we, by chance, want to maintain a harmful relationship like the one we maintained in the past few decades with periodic clashes and with the permanent threat of a greater conflict? Or, on the contrary, do we want to find a definite solution that will ensure peace and security for our peoples?

I do not think that any sensible Ecuadoran or Peruvian will deny that a permanent solution is the best. For this reason, I address you to explain our position. As the whole country knows, the incursion of Ecuadoran troops into our territory has motivated a firm response by our national Armed Forces as well as a fast and effective intervention of our diplomacy, in both cases to ensure that the border between Peru and Ecuador be ruled by what has been stipulated by the Rio de Janeiro Protocol.

The validity of the Rio de Janeiro Protocol was acknowledged by Ecuador recently, after several decades, which constitutes—as we have already said—great progress toward reaching a definite agreement and peace between Peruvians and Ecuadoreans.

But despite Ecuador's explicit acknowledgement, the Ecuadoran Government insisted on the mentioned incursion, and also implemented a tendentious campaign to cause confusion—in an attitude we cannot understand.

Under no circumstances has Peru remained, nor will it remain, impassive or tolerant in face of a violation of our national sovereignty. Our sovereignty is not negotiable.

As a Peruvian and president, I feel proud of our Armed Forces which once again have risen to the occasion, complying with a sacred duty, by making each piece of our motherland be respected.

For decades, we Peruvians have sought a definite solution that cannot be anything else than the conclusion of the pending demarcation of an approximately 78 km long strip on the border between Peru and Ecuador.

This is why my government has made sincere and considerable efforts to make two successive Ecuadoran administrations agree with us in seeking a definite solution to the permanent tension we have experienced and are now experiencing and which only contributes to eating up resources and energy that could well be used to develop our peoples. Periodic conflicts, beside being costly in material resources, leave deep wounds and resentments which should not exist between our two sister peoples.

Finally, the war we must fight must not be fought between us, but against the common enemy of our countries: underdevelopment. Despite that, we have not yet reached a definite cease-fire agreement.

Peru and the international community can rest assured of our will to reach peace soon. This is why we suggest a cease-fire with the creation of a demilitarized zone in the

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conflict area. That is, the creation of an area free of Peruvian and Ecuadoran troops. This zone must afterward be the object of the work of an observer group from the guarantor countries.

What does this mean? It means that there must not be organized Ecuadoran troops in Peruvian territory. We are willing to move or withdraw—immediately—the tanks, heavy artillery, ships, and submarines, as long as we reach a demilitarization agreement on the zone under conflict.

As evidence of its good will, the Peruvian Government is therefore making all possible efforts and exhausting all alternatives to reach a peaceful solution. I am sure that this is so perceived and understood by the guarantor countries and the international community.

We hope that the good sense of our neighbor will be reflected in the answer of the sister Republic of Ecuador.

Fellow countrymen, I totally trust Peruvian diplomacy and our Armed Forces which today comply with their duty in the most adverse geographic conditions. I know that you share with me this trust and the certainty that we will make ourselves be respected and make the Rio de Janeiro Protocol—which is the basis of any civilized understanding between Peru and Ecuador—be respected. Good evening, dear fellow countrymen.

News Conference by Joint Command Chief Postponed

PY0102210495 Lima Radio Programas del Peru Network in Spanish 2049 GMT 1 Feb 95

[Live relay by (Ismael Huainumorla) from the Armed Forces Joint Command]

[FBIS Translated Text] It was reported here in the headquarters of the Armed Forces Joint Command that the news conference to be given by Armed Forces Joint Command Chairman General Nicolas de Bari Hermoza has been postponed because Gen. Hermoza is currently meeting with President Alberto Fujimori. A spokesman of the Armed Forces Joint Command said, without giving any details, that the news conference was postponed.

Fujimori Meets With General Hermoza, Ministers

PY0202051695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0221 GMT 2 Feb 95

[FBIS Translated Excerpt] Lima, 1 Feb (AFP-NA)—A government source has reported that Peruvian President Alberto Fujimori summoned several of his cabinet members to an emergency meeting Wednesday [1 February] evening to analyze the border problem with Ecuador as well as to tell them about military and diplomatic actions to end the conflict.

The group of ministers who attended the meeting at Government House are members of the Council of Financial and Economic Assistance (CIAEF). The meeting was also attended by Peruvian Armed Forces Joint Commander General Nicolas Hermoza Rios, who had previously met privately with President Fujimori.

Gen. Hermoza Rios first informed Fujimori and then the ministers of the latest details of the armed conflict with Ecuador in the Condor Hill, the Government House source reported.

The general and the ministers did not speak to journalists as they left; they simply got in their cars and departed for their ministries. [passage omitted]

Details of Rio Meeting; Cease-Fire Announcement Expected

PY0102210195 Lima Radio Programas del Peru Network in Spanish 1945 GMT 1 Feb 95

[Telephone relay by EFE correspondent Edgar Hernandez from the Itamaraty building in Rio de Janeiro]

[FBIS Translated Text] [Anchorman Jesus Miguel Calderon] Good afternoon. What information do you have from Itamaraty?

[Hernandez] Good afternoon. A new session of the vice ministers of the guarantor countries of the Rio de Janeiro Protocol began a few minutes ago here in the Brazilian Foreign Ministry building. A public declaration with the precise position of the guarantor countries is expected to be released at the conclusion of the session. Antonio Simoens, Brazilian Foreign Ministry spokesman, said it is still too early to say what the conclusion of the meeting will be but he thinks the work is more positive than negative. But the optimism shown by Simoens does not agree with the atmosphere here in Rio de Janeiro, where it seems there will be a declaration in the sense of a cease-fire but not in the sense of demobilization of troops or another decision important for the two countries.

[Calderon] When do you believe the communique will be officially known?

[Hernandez] It could happen at any time. It is expected that the position of the guarantor countries will be known late this afternoon, a position representing an equilibrium between the countries in conflict. But this has not been confirmed; it may only be an evaluation of the session and the results they may have reached.

[Calderon] Are the vice ministers of Ecuador and Peru holding separate meetings?

[Hernandez] Yes. According to Simoens, the vice foreign ministers of the guarantor countries held telephone and personal contacts with the Peruvian and Ecuadoran diplomatic representatives because they are not in the same hall. As a last option there was the possibility of

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another session with the participation of the two countries, but this has been discarded.

Military Claims 8 Peruvians Killed, 25 Ecuadorans Taken Prisoner

PY0102162195 Madrid EFE in Spanish 1533 GMT 1 Feb 95

[FBIS Translated Text] Lima, 1 Feb (EFE)—Twenty-five Ecuadoran soldiers have been detained as prisoners of war during the five days of clashes between Peruvian and Ecuadoran troops on the border between the two countries, according to military sources.

The prisoners, who are being treated according to the Geneva Convention, are being held at an unidentified military base near the Ecuadoran border. So far there is no official information on the number of Peruvian soldiers captured by Ecuadoran troops, although sources in Quito on 30 January claimed that there were eight.

Peruvian military sources also asserted that the number of dead Peruvians amounts to six, and not 20 as the Ecuadoran Government had announced. Unofficially, in the opinion of observers, some 30 members of the military of the two parties have died, and it is estimated that some 50 may be wounded.

Military Actions, Arrival of Helicopters at Border Noted

PY0102185495 Lima Radio Programas del Peru Network in Spanish 1711 GMT 1 Feb 95

[Live relay by correspondent Jorge Fernandez from an undisclosed location near the El Milagro military post in Bagua]

[FBIS Translated Excerpt] [Announcer] We are in direct contact with Jorge Fernandez, who is at El Milagro military post in Bagua. Jorge, we are in contact with you.

[Fernandez] Good morning to everyone in Lima. Good morning, Monica and Gonzalo. We arrived here from the El Milagro military post, where communications have deteriorated due to a bad line. I want to inform you that this morning we witnessed the arrival at the military post of two coffins and three helicopters. The first helicopter arrived after 0930, the second after 1040, and the third arrived a few minutes ago at the El Milagro post. It has been disclosed that one of the individuals who died fighting is a Peruvian Army lieutenant known as Lince. Lieutenant Lince died in combat. The other dead soldier has also been identified. We chatted with a relative of his.

[Pachamora] My name is Rosa Eusebia Pachamora Rojas.

[Fernandez] What was the soldier's name?

[Pachamora] His name was Esquien Pachamora, Cesar Augusto.

[Fernandez] So the name of the dead soldier was Esquien Pachamora, Cesar Augusto? How old was he?

[Pachamora] He was 17 years old. [passage omitted]

[Fernandez] [passage omitted] The lieutenant, who was known within the Peruvian Army as Lt. Lince, was killed by a machine gun blast. This is very regrettable, but we must report, according to what some have told us here, that fighting continues on the border to defend national territory. I do not know if you can hear me. Do you copy me in Lima?

[Announcer] We copy you very well, Jorge, and also deeply regret that information. Now tell us, is there any information on how many Peruvian and Ecuadoran casualties have been reported?

[Fernandez] There is no further information about that. All I can tell you is that a group of physicians and one ambulance that arrived from the town of Chachapoyas are here. The wounded will be evacuated to Chiclayo. We know that Lt. Lince is from Lima, but do not know whether his relatives have been notified about his death. We are going to continue working here. We are going to return to El Milagro to obtain more information.

[Announcer] Jorge, just one last question. Has it been confirmed that this Peruvian casualty was caused by a clash, and not by a mine in that zone?

[Fernandez] They were in a mined field, but the lieutenant died during a clash; he was killed by a machine gun blast, according to official sources here, and from what we heard from some soldiers who spoke with journalists. They always give us information, although there is no official information because there is absolute secrecy here in this military zone. The chief of the Armed Forces Joint Command remains within this military zone; he flies to the combat zone and then returns here. We have also witnessed the arrival of four trucks transporting 20 metric tons of food for the conflict zone. It has also been disclosed that another seven trucks, also transporting food and supplies, are on their way here. Early this morning the transportation enterprises placed their buses at the Army's disposal, and more troops have left for the conflict zone. This happened at approximately 0940 this morning.

[Announcer] Do you have any information on Ecuadoran prisoners? Because a report datelined Quito denies that the Peruvian troops have captured prisoners.

[Fernandez] I do not know whether the arrival of the three helicopters here today—the last one arrived some 20 minutes ago—has anything to do with that information, but we will try to obtain more information to keep our thousands of listeners and the entire country updated through Radio Programas del Peru.

[Announcer] I guess the fact that this Peruvian casualty is the result of a clash is a sign that there are still intruders in Peruvian territory?

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[Fernandez] That makes sense. There is a lot of speculation regarding their presence. As we know, the president of the Republic was supposed to address the nation at 1800 yesterday. According to what I heard here, at approximately 1600-1630 the Peruvian troops were supposed to fully recover Peruvian territory. but they bumped into this mine field in Peruvian territory. This means that the invader troops mined Peruvian territory. The Peruvian troops that were advancing ran into this field which was mined, in our own territory, by Ecuadoran troops. This is the information we have. As for the death of Lt. Lince by a machine gun blast fired by the enemy, it was during a clash.

[Announcer] Jorge, thank you for all this information. We remain in constant contact with you and other correspondents at the border.

Military Situation at Ecuadoran Border Described

PY0202035095 Buenos Aires TELAM in Spanish 2217 GMT 1 Feb 95

[By "special correspondent" Julio Villalonga]

[FBIS Translated Text] Tumbes, Peru, 1 Feb (TELAM-SNI)—The deployment of new Peruvian troops toward the Ecuadoran border, especially infantry men armed with assault rifles and portable rocket launchers, was observed today by TELAM-SNI correspondents near Tumbes.

A visit to the border towns of Zarumilla, Papayal, Aguas Verdes (Peru), and Huakuias (Ecuador) shows that the continuing arrival of reinforcements in trucks and personnel transport vehicles.

In the 24 km that separate Tumbes from Aguas Verdes, correspondents from TELAM-SNI and Channel 9 of Buenos Aires, the only Argentine journalists in the zone, were stopped three times by the police who verified, in a correct manner, the documents and equipment, registered the personal documents, and warned about the danger of continuing ahead.

Two important infantry batallions are in Zarumilla and Papayal. They have half a dozen 90 milimeter antiaircraft batteries, heavy machine guns, and FAL [light submachine guns] and Kalashnikov AK-47 rifles.

In Aguas Verdes, which is strictly a commercial town, the incoming and outgoing traffic of merchandise has been reduced to a minimum and the majority of the population wants a prompt peace agreement.

On the Ecuadoran side, in Huakuias, the officials allowed the entrance of the Argentine correspondents who verified that the people there feel the same because many families live on both sides of the border.

The Ecuadoran military presence in Huakuias is minimal but various sources said that a large Army unit is stationed less than 2 km from the town.

In Papayal, about 15 km from the Aguas Verdes-Huakuias border pass, the troop movement is constant.

Fifty trucks, military and civilian trucks that were confiscated, camouflaged antiaircraft batteries, and more than 400 soldiers were moving toward the Palma settlement, restricted for the population and the media, which is one of the sites it is believed the Ecuadoran troops might try to enter if no agreement is reached.

A Peruvian Army soldier who only admitted to being an "officer"—the insignias had been taken off his uniform—told TELAM-SNI he was waiting for information from the high command "which is linked to the results of the Rio meeting."

Despite the fact that the treatment was friendly (even affectionate with the Argentines, especially in reference to soccer star Diego Maradona), the correspondents perceived an atmosphere of anxiety and tension among the Peruvian soldiers in the contacts that occurred outside Papayal.

Local sources reported that this afternoon more naval forces arrived in Pizarro Port which is located 22 km north of Tumbes on the Pacific.

The road that connects Tumbes with the rest of the country is protected by two tanks armed with antiaircraft machine guns pointed north.

A local radio station celebrated as a sports event the confirmation that the Peruvian Army captured 25 Ecuadoran soldiers during last night's operations, and that seven Ecuadoran soldiers were killed in combat.

Quito official sources said that 225 Peruvian soldiers were taken prisoner during the takeover of the eight detachments located in the conflict zone.

Lima officials confirmed that the military operations will not be stopped until the last of the detachments are recovered and this is exactly the message repeated by the sources asked in that zone.

Tension is increasing by the hour in the Peruvian-Ecuadoran border and attention is now concentrated on what may happen today in Rio de Janeiro, and tomorrow in Cumana (Venezuela) where Alberto Fujimori, and Sixto Duran-Ballen will be face-to-face for the first time since the hostilities began.

Military Sources: 'Armed Clashes' Continue at Border

PY0202130695 Lima America Television Network in Spanish 1200 GMT 2 Feb 95

[FBIS Translated Text] According to sources linked to the El Milagro military post in Bagua, armed clashes between Peruvian and Ecuadorean troops continue.

The information speaks of 40 casualties on the Ecuadoran side and 10 on the Peruvian side. That is all.

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'Only One Ecuadoran Contingent Remains' in Peruvian Territory

PY0202132595 Lima America Television Network in Spanish 1222 GMT 2 Feb 95

[FBIS Translated Excerpt] According to information published by EL COMERCIO, only one Ecuadoran contingent remains to be expelled. A total of four have already been expelled from Peruvian territory.

According to information sent by Jose Antonio Indacochea, EL COMERCIO special correspondent in Cenepa, four of the five military bases established by the Ecuadoran Army in Peruvian territory have been kicked out. This unofficial information was disclosed here today.

The fifth base, named Teniente Ortiz by the invader troops, is still putting up some resistance.

The invaders had set up military bases at the Cenepa, Mayna, and Cangaya River headwaters in the district of Cenepa in Condorcanqui Province, Amazonas Department.

According to information supplied by non-official military sources and inhabitants who have abandoned the combat region, the following zones have been recovered: Tiwinza, Base Sur, Soldado Monge, and Cueva de los Tayos.

It was learned, also from military sources, that nine Ecuadoran soldiers were allegedly taken as war prisoners and are being treated in accordance with international law in times of war. [passage omitted]

According to the information received, the Ecuadoran detachments deployed to Tiwinza and Cueva de los Tayos are the ones that put up the most resistance.

Supreme Court Urges Resumption of Demarcation Work

PY0102175695 Madrid EFE in Spanish 1620 GMT 1 Feb 95

[FBIS Translated Text] Lima, 1 Feb (EFE)—The Peruvian Supreme Court today asked the Rio de Janeiro Protocol guarantor countries to continue placing border markers along the border with Ecuador. This work was suspended in 1950.

In a document signed by all the Peruvian Supreme Court justices, the court "urges" the guarantor countries (Argentina, Brazil, Chile, and the United States) to "promote the placement of the missing border markers by the two countries (...) in accordance with the terms of Articles 5 and 7 of the Rio de Janeiro Protocol."

The document adds: The treaty signed in 1942 "definitively establishes the common border" and "was ratified by the Ecuadoran and Peruvian Congresses which then solemnly exchanged ratification documents."

The recently released Supreme Court document also mentions that the joint commission in charge of the border demarcation "placed border markers along 1,600 km of the border, while only 78 km still require demarcation through the Condor Mountain Chain."

The joint demarcation commission—made up of representatives from Peru, Ecuador and the four guarantor countries—left the region after finding the geographic features mentioned in the Treaty did not really exist in the area still to be delimited.

The armed hostilities between the two countries, which began six days ago, are occurring in the Condor Mountain Chain.

The Supreme Court document supports the actions adopted by the Peruvian Government and Armed Forces since the beginning of the conflict.

Demonstrators in Lima, Iquitos Support Government

PY0202033795 Madrid EFE in Spanish 0153 GMT 2 Feb 95

[FBIS Translated Text] Lima, 1 Feb (EFE)—Thousands of Peruvians demonstrated today at the Lima parade ground across from the government palace to show their support for President Alberto Fujimori and their rejection of the Ecuadoran invasion of Peruvian territory.

The demonstrators, mainly Lima municipality workers, shouted anti-Ecuadoran slogans and carried signs asking that Ecuador recognize the Rio de Janeiro Protocol which in 1942 established the borders between the two countries.

In Iquitos, capital of Loreto Department, next to the Ecuadoran border, about 100,000 people demonstrated in suport of President Fujimori and the Armed Forces.

During the last few days, officials of Iquitos, where the Fifth Military Region is located, have developed several day and night general alert operations as a precaution against possible attacks from the Ecuadoran Air Force.

Tomorrow, some 50,000 people are expected to participate in a demonstration in support of the government and armed forces in Tumbes, near the Ecuadoran border where important military forces are deployed.

Uruguay

'Special' Ecuadoran Delegation Arrives To Explain Conflict

PY0102154795 Madrid EFE in Spanish 1455 GMT 1 Feb 95

[FBIS Translated Text] Montevideo, 1 Feb (EFE)—A special Ecuadoran mission headed by former Minister Julio Prado Vallejo has arrived in Montevideo to meet

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with Uruguayan President Luis Alberto Lacalle and discuss the armed conflict currently underway on the Peruvian border.

Spokesmen for the delegation, which includes Deputy Juan Jose Castelo and which was joined by Ecuadoran Ambassador to Montevideo Eduardo Cabezas Molina, said today that they will also meet with Uruguayan Foreign Minister Sergio Abreu.

President Lacalle phoned Ecuadoran President Sixto Duran-Ballen and Peruvian President Alberto Fujimori yesterday to urge them to cease hostilities.

The Uruguayan Government offered to host the meeting of guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) which is now being held in Rio de Janeiro, Brazil.

Venezuela

Emergency Board Places 3 Banks Under State Control

PA0102190595 Caracas Venezolana de Television Network in Spanish 1550 GMT 1 Feb 95

[From "The News" newscast]

[FBIS Translated Text] Early the morning of 1 February, the Financial Emergency Board finally decided to nationalize the Italo-Venezuelan Bank, the Professional Bank, and the Principal Bank, and the Federal Bank will continue its capitalization process. The nationalized banking organizations will continue operating normally. Account holders' deposits are guaranteed by the state.

In a few hours, the Financial Board will appoint the intervention boards for the new banking institutions that are now under the state's control.

During a marathon session that concluded at 0300 on 31 January, the Financial Emergency Board again outlined the nation's financial situation. The decision to assume control of the three banks that have presented insolvency problems strives to protect account holders and to strengthen capitalization programs involving private organizations in the administration.

During the meeting, its participants accepted the Federal Bank's proposal to implement an adjustment plan that adapts to the new financial demands outlined in the general banking law. In the case of Banco Union, it was accepted that 51 percent of the institution's shares will be acquired by a group of private banks.

Following a meeting with the president of the Republic at La Casona, Finance Minister Julio Sosa Rodriguez gave details on the decision adopted early this morning by the Financial Emergency Board placing a new group of banking organizations under the state's control:

[Begin recording] [Sosa Rodriguez] The Federal Bank is being recapitalized by its shareholders and is operating perfectly well. Banco Union has been aided by three private banks and will be recapitalized based on that aid. It is operating perfectly well. The two other banks.... [pauses] No, no. I believe they are....

[Unidentified reporter, interrupting] The Italo-Venezuelan Bank.

[Sosa Rodriguez] Yes, and the Principal Bank.

[Reporter] What will be done about them?

[Sosa Rodriguez] The Financial Emergency Board will issue a communique today.

[Reporter] Okay. Thank you very much.

[Sosa Rodriguez] Aside from that point, everything is calm, and, I repeat, do not repeat things that have not been reported in the board's official communiques, because this type of disclosure causes confusion and this issue is an extremely critical one. [end recording]

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